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# KEDI ECONOMIC SURVEY

December 1990

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SOURCES:

The U. S. Department of Commerce, second estimates of 1990:3, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, December 1990.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Indicators of the economy, released in November, point to the downward direction in many segments of the economy.

### Prices

The price outlook for 1991 indicates that inflation will not be a big factor.

### Employment & Labor

Unemployment is expected to go up this month and peak at 6.2% in the first quarter of the coming year.

### Housing

In 1991, data show 1.267 mil. units starts, and a significant increase in housing activity in 1992.

### Automobiles

Forecast for 1991 calls for 6.8 mil. cars, slightly below the estimated shipments of 6.9 mil. this year.

### Budgets

For this fiscal year, legislators originally sought $50 bil. in cuts, later on the $40 bil. cut, a figure now reduced to $35 bil.

### Income

Forecast for corporate profits and personal income and its components points to some slowing down.

### Money & Credit

Increases in money supply and credit are predicted to be moderate.

### Interest Rates, Yields & Securities Prices

In 1991, the relaxation of the Federal Reserve interest rates policy is anticipated to be of relatively short duration.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1990, the weighted price of oil will increase as compared to 1989. It will continue increasing in the 1990-1991 period. | April 1990 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with China, the USSR, and East Europe will expand in 1990 and following years | January 1990 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | No drastic changes in international relationships are anticipated. Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the December 1990 KEDI forecast. | |
| * | The 1989 growth will slow down in 1990 and resume in 1991. | January 1990 |
| * | The upward trend will continue throughout 1990-1992. | January 1987 |
| * | Forecast data for 1990-1992 do not point to recession or major downturn. | January 1987 |
| * | In the first half of 1990 interest rates will be declining slightly. | December 1990 |
| * | Federal budget deficits will keep declining in 1992 and the following years. | October 1990 |
| * | The 1990 export-import gap will start closing to a more acceptable level in 1991 and afterward. | October 1990 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1989, 1990 and 1991 are on pages indicated below.

| Indicator | Unit | 1989 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4117.7 | 4478.7 | 4604.1 | 4746.8 |
| product, p. 5 | % change | 2.9 | 2.7 | 2.8 | 3.1 |
| Index of indust. | 1977=100 | 108.1 | 117.7 | 121.6 | 125.7 |
| prod., p. 5 | % change | 3.3 | 2.5 | 3.3 | 3.4 |
| Capacity | % | 84.0 | 84.2 | 83.7 | 83.0 |
| utiliz., p. 5 | % change | .6 | .2 | -.6 | -.8 |
| Unemployment | % | 5.2 | 5.3 | 5.5 | 5.4 |
| rate, p. 5 | % change | -4.6 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.4 | 1.5 | 1.4 | 1.4 |
| starts, p. 5 | % change | -5.8 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 10.1 | 10.9 | 11.2 | 11.6 |
| p. 5 | % change | -5.2 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 126.3 | 154.2 | 160.0 | 165.2 |
| price def.,p.11 | % change | 4.4 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 1967=100 | 124.0 | 150.8 | 156.2 | 162.1 |
| Index, p. 11 | % change | 4.7 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1967=100 | 113.5 | 145.7 | 151.5 | 157.4 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -145.7 | -132.7 | -105.6 | -85.7 |
| p. 21 | % change | -1.5 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4384.3 | 6208.2 | 6680.1 | 7227.8 |
| p. 23 | % change | 9.0 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.7 | 10.0 | 10.7 | 11.6 |
| p. 27 | % change | 14.4 | -2.0 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.6 | 10.5 | 10.8 | 10.6 |
| p. 27 | % change | 10.0 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 782.7 | 924.9 | 980.4 | 1040.2 |
| deposits , p. 25 | % change | 1.3 | 5.4 | 6.0 | 6.1 |
| Commercial+ind. | bil. $ | 564.3 | 579.5 | 596.3 | 610.1 |
| loans, p. 25 | % change | 5.3 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 91.2 | 94.1 | 95.1 | 94.9 |
| production | % change | -.9 | -.7 | 1.1 | -.2 |
| Electric power | mil.kw-hr | 2864 | 3032.4 | 3147.6 | 3276.7 |
| production | % change | 3.1 | 3.5 | 3.8 | 4.1 |
| Bituminous coal | mil.sh.tons | 941 | 986 | 998.8 | 1013.8 |
| production | % change | 1.2 | 1.0 | 1.3 | 1.5 |
| Crude oil | avg. daily bbl. | 3002 | 3142 | 3173.7 | 3202.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2293.1 | 2456.0 | 2635.2 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + 1.35% | Private Housing Starts |
| + .46% | Unemployment |
| 0.00% | Autos |
| - .02% | GNP |
| - .12% | Capacity Util. |
| - .21% | Index Indust. Prod. |

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES
## 1.11 REAL GROWTH

See Table 1.11
Page 5

INDICATORS OF THE ECONOMY, RELEASED IN NOVEMBER, POINT TO THE DOWNWARD DIRECTION IN MANY SEGMENTS OF THE ECONOMY FOR SEVERAL MONTHS AHEAD.

* In November, retail sales fell by .1% only; however, when adjusted by the inflation factor, this was a significant drop.
* Industrial output, measured by the Index of Industrial Production, declined by 1.7%.
* Unemployment rate increased by .2% to 5.9%.
* Indexes of consumer confidence, compiled by the University of Michigan and the Conference Board, remained at record low levels.
* Capacity utilization in manufacturing hit its lowest point in 3 years.
* New orders for durables declined slightly.
* Index of economic activity compiled by the National Association of Purchasing Managers, dropped to a record low of 41.3%.

Other factors point to some vigor in the economy:

* October export orders advanced by 1.7%.
* October inventories of businesses rose modestly.
* October sales of businesses rose by 1.8% over the September sales.
* November sales of cars stood well above the November 1989 sales.

### TABLE 1.11
### SELECTED INDICATORS I.

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR<br>Unit | GNP<br>$82 bil. | Index of ind. prod.<br>1987=100 | Unem-ployment<br>% | Capacity util'n rate<br>% | Private housing starts<br>mil. | Auto sales<br>mil. |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 108.1 | 5.29 | 84.0 | 1.376 | 9.9 |
| 1990:1* | 4150.6 | 108.0 | 5.26 | 82.6 | 1.440 | 9.7 |
| 2* | 4155.1 | 109.4 | 5.29 | 82.6 | 1.196 | 9.6 |
| 3 | 4173.6P | 109.7P | 5.59 | 82.4 | 1.142P | 10.0 |
| 4 | 4165.2 | 109.2 | 5.84 | 82.0 | 1.087 | 9.9 |
| YEAR | 4161.1 | 109.1 | 5.50 | 82.4 | 1.2 | 9.8 |
| % change from '89 | 1.1 | .9 | 3.9 | -1.9 | -11.6 | -1.0 |
| 1991:1 | 4167.1 | 109.4 | 5.89 | 82.0 | 1.156 | 9.8 |
| 2 | 4194.2 | 110.3 | 5.73 | 82.6 | 1.247 | 10.0 |
| 3 | 4217.1 | 111.2 | 5.64 | 83.1 | 1.647 | 10.5 |
| 4 | 4251.8 | 112.4 | 5.57 | 83.2 | 1.335 | 10.6 |
| YEAR | 4207.6 | 110.8 | 5.71 | 82.7 | 1.346 | 10.2 |
| % change from '90 | 1.1 | 1.6 | 3.9 | .4 | 10.7 | 4.3 |
| 1992:1 | 4285.3 | 113.0 | 5.46 | 83.4 | 1.286 | 9.2 |
| 2 | 4341.4 | 114.2 | 5.37 | 84.0 | 1.386 | 10.5 |
| 3 | 4390.2 | 115.4 | 5.28 | 84.4 | 1.484 | 11.5 |
| 4 | 4426.8 | 116.7 | 5.26 | 84.3 | 1.418 | 10.9 |
| YEAR | 4360.9 | 114.8 | 5.34 | 84.0 | 1.393 | 10.5 |
| % change from '91 | 3.6 | 3.6 | -6.4 | 1.6 | 3.5 | 2.9 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | | |
|---|---|---|
| + | .18% | Pers. Con. Expend. Services |
| + | .04% | Retail Sales Nondurable |
| - | .05% | Pers. Con. Expend. Nondurable |
| - | .10% | Retail Sales Total |
| - | .25% | Pers. Cons. Expend. Durable |
| - | .33% | Retail Sales Durables |

THE OUTLOOK FOR RETAIL SALES IN COMING MONTHS POINTS TO DECEMBER SALES TO BE SLIGHTLY ABOVE THOSE OF DECEMBER 1989.

Retail sales will level off in January and February of 1991, but will resume an upward trend afterward.

No significant drops in coming months are expected. In the first half of 1991, forecast data call for a slowdown in sales of consumer durables, notably motor vehicles and parts, home building materials and household durables. For the second half of the year, resumption of the upward trend is expected, especially in households durables, such as building materials, furniture, fixtures, appliances, and household electronics.

In the nondurables segment, data indicate continuous upward trends throughout the year in food and kindred products, paper and products, drugs, petroleum and coal products such as gasoline and heating oil, chemicals, beverages, and specialty stores. Sales of textile mill products, apparel, footwear, and leather products are expected to remain sluggish.

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| | *--Personal Cons. Expend.-* | | | *------Retail Sales-------* | | |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1989* | 474.6 | 1130.0 | 1845.5 | 1733.7 | 645.6 | 1088.2 |
| 1990:1* | 492.1 | 1174.7 | 1921.3 | 1796.4 | 663.6 | 1135.8 |
| 2* | 478.4 | 1179.0 | 1965.3 | 1799.3 | 689.4 | 1109.9 |
| 3 | 483.1P | 1202.8P | 2014.7P | 1803.2 | 694.1 | 1129.1 |
| 4 | 495.1 | 1238.1 | 2063.6 | 1834.5 | 692.3 | 1142.2 |
| YEAR | 487.2 | 1198.7 | 1991.2 | 1808.3 | 684.9 | 1129.2 |
| % change from '89 | 2.6 | 6.1 | 7.9 | 4.3 | 6.1 | 3.8 |
| 1991:1 | 504.1 | 1258.9 | 2122.1 | 1860.1 | 701.0 | 1159.1 |
| 2 | 508.5 | 1265.7 | 2207.6 | 1922.7 | 713.5 | 1209.2 |
| 3 | 532.5 | 1299.7 | 2241.9 | 1954.3 | 741.3 | 1213.0 |
| 4 | 550.7 | 1331.4 | 2293.6 | 2000.3 | 780.1 | 1220.2 |
| YEAR | 524.0 | 1288.9 | 2216.3 | 1934.3 | 734.0 | 1200.4 |
| % change from '90 | 7.5 | 7.5 | 11.3 | 7.0 | 7.2 | 6.3 |
| 1992:1 | 560.4 | 1349.8 | 2353.0 | 2054.3 | 800.2 | 1254.1 |
| 2 | 574.3 | 1374.1 | 2430.1 | 2101.4 | 810.5 | 1290.9 |
| 3 | 585.4 | 1401.2 | 2556.9 | 2148.3 | 828.2 | 1320.1 |
| 4 | 600.2 | 1436.6 | 2577.7 | 2204.9 | 841.9 | 1363.0 |
| YEAR | 580.1 | 1390.4 | 2479.5 | 2127.2 | 820.2 | 1307.0 |
| % change from '91 | 10.7 | 7.9 | 11.9 | 10.0 | 11.7 | 8.9 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| - .01% | Federal Govt. Purch. |
| - .02% | State & Local Purch |
| - .02% | GNP |
| - .03% | Pers. Cons. Expend. |
| - .16% | Gross Private Dom. Inv. |
| - 2.57% | Net Exports |

FORECAST OF GNP FOR 1991 CALLS FOR AN ANEMIC GROWTH OF .9% WHEN COMPARED TO THE ESTIMATED GNP FOR 1990.

Data for 1992 show a gain of 2.2% over 1991.

The second revision of data on GNP and components in 1990:3 produced minor adjustments only when compared to the first estimate released in October by the Dept. of Commerce.

GNP has been revised downward by an insignificant amount which resulted in a downward revision of the rate of growth of the economy in 1990:3 from previously announced 1.8% to 1.7%.

The outlook for GNP in 1990:4 suggests a decline of approximately .5% at annual rates, mainly due to the weakness in personal consumption expenditures, slow business and private capital formation, as well as increased export-import gap.

The third and last revision of GNP for 1990:3 will probably bring a somewhat lower figure of 1.4-1.5% growth compared to the 1.7% growth rate of the second revision.

### TABLE 1.13
### REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product-----------* | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 2656.8 | 716.9 | -54.1 | 334.9 | 463.2 |
| 1990:1* | 4150.6 | 2667.3 | 700.7 | -35.4 | 333.0 | 475.0 |
| 2* | 4155.1 | 2678.8 | 700.7 | -44.6 | 345.9 | 474.3 |
| 3 | 4173.6P | 2700.2P | 697.0P | -45.1P | 344.6P | 476.9P |
| 4 | 4165.2 | 2683.4 | 704.3 | -53.4 | 351.9 | 479.0 |
| YEAR | 4161.1 | 2684.9 | 700.7 | -44.6 | 343.9 | 476.3 |
| % change from '89 | 1.1 | 1.1 | -2.3 | -17.5 | 2.7 | 2.8 |
| 1991:1 | 4167.1 | 2674.9 | 703.8 | -49.4 | 354.2 | 483.6 |
| 2 | 4194.2 | 2688.7 | 707.6 | -45.6 | 356.8 | 486.7 |
| 3 | 4217.1 | 2697.2 | 711.7 | -39.4 | 358.2 | 489.4 |
| 4 | 4251.8 | 2715.3 | 717.1 | -35.2 | 361.8 | 492.8 |
| YEAR | 4207.6 | 2694.0 | 710.0 | -42.4 | 357.8 | 488.1 |
| % change from '90 | 1.1 | .3 | 1.3 | -5.0 | 4.0 | 2.5 |
| 1992:1 | 4285.3 | 2734.9 | 721.3 | -30.6 | 365.2 | 494.5 |
| 2 | 4341.4 | 2778.1 | 724.5 | -28.6 | 367.7 | 499.7 |
| 3 | 4390.2 | 2809.7 | 727.2 | -24.3 | 370.3 | 507.3 |
| 4 | 4426.8 | 2834.0 | 730.9 | -23.9 | 374.1 | 511.7 |
| YEAR | 4360.9 | 2789.2 | 726.0 | -26.9 | 369.3 | 503.3 |
| % change from '91 | 3.6 | 3.5 | 2.2 | -36.7 | 3.2 | 3.1 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

THE PRICE OUTLOOK FOR 1991 INDICATES THAT INFLATION WILL NOT BE A BIG FACTOR.

Forecast data show that impacts of oil price hikes will be absorbed by the economy during the first half of the year. Increases in the consumer and producer price levels will then return to conditions of the first half of 1990-- the core rate of inflation of approximately 4%, still uncomfortably high.

Forecast data indicate that declines in prices of crude materials domestically produced and imported, will not continue and prices will stabilize at current levels. They will resume a moderate upward trend in the second half of the year and afterward.

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + .12% | Federal Govt. Expend. |
| + .08% | Pers. Cons. Expend. |
| + .06% | GNP |
| 0.00% | State & Local Purch. |
| - .21% | Producer Price Index |
| - .65% | Consumer Price Index |

TABLE 1.21
PRICES
Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1989* | 124.0 | 113.6 | 126.3 | 126.3 | 119.4 | 135.1 |
| 1990:1* | 128.0 | 117.4 | 129.5 | 134.0 | 123.3 | 138.9 |
| 2* | 129.3 | 117.5 | 131.0 | 135.2 | 122.0 | 140.1 |
| 3* | 131.2 | 120.5 | 132.1P | 136.9P | 123.1P | 142.1P |
| 4 | 134.5 | 123.6 | 135.3 | 141.5 | 125.4 | 144.5 |
| YEAR | 130.8 | 119.8 | 132.0 | 136.9 | 123.5 | 141.4 |
| % change from '89 | 5.4 | 5.4 | 4.5 | 8.4 | 3.4 | 4.7 |
| 1991:1 | 136.5 | 125.7 | 138.0 | 145.2 | 128.0 | 147.1 |
| 2 | 137.7 | 128.4 | 140.1 | 148.1 | 129.8 | 148.0 |
| 3 | 138.5 | 131.5 | 142.2 | 151.0 | 130.7 | 150.6 |
| 4 | 140.2 | 133.7 | 144.0 | 153.7 | 131.8 | 152.0 |
| YEAR | 138.2 | 129.8 | 141.1 | 149.5 | 130.1 | 149.4 |
| % change from '90 | 5.7 | 8.4 | 6.9 | 9.2 | 5.4 | 5.7 |
| 1992:1 | 142.7 | 135.2 | 145.8 | 155.8 | 132.9 | 153.2 |
| 2 | 143.6 | 137.4 | 147.3 | 157.5 | 133.9 | 155.1 |
| 3 | 147.0 | 140.1 | 150.1 | 161.8 | 134.8 | 156.0 |
| 4 | 148.2 | 142.8 | 151.2 | 162.9 | 135.9 | 158.0 |
| YEAR | 145.4 | 138.9 | 148.6 | 159.5 | 134.4 | 155.6 |
| % change from '91 | 5.2 | 7.0 | 5.3 | 6.7 | 3.3 | 4.1 |

---

*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + 2.45% | Federal Govt. Purch. |
| + .24% | State & Local Purch. |
| + .03% | GNP |
| + .03% | Pers. Cons. Expend. |
| - 1.16% | Gross Private Dom. Inv. |
| - 5.41% | Net Exports |

KEDI ESTIMATES THAT THE THIRD AND LAST REVISION OF 1990:3 GNP WILL ONLY BRING MINOR ADJUSTMENTS.

Compared to the first estimate of GNP and components in 1990:3, released by the Dept. of Commerce, the second estimate is a bit higher due to the upward revisions in price deflators. However, this upward revision is insignificant.

Forecast data of nominal GNP and components for the coming year and the year after point to sluggish first two quarters of the year. Growth of GNP and components is expected to accelerate during the second half of the year, mainly in its segments of personal consumption and private residential construction. Data for 1992 point to a solid sustained growth throughout the year.

## TABLE 1.22
## NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----------Gross National Product | | | | | ---------------* |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 5200.8 | 3450.1 | 771.2 | -46.1 | 400.0 | 625.6 |
| 1990:1* | 5375.4 | 3588.1 | 747.2 | -30.0 | 410.6 | 659.6 |
| 2* | 5443.3 | 3622.7 | 759.0 | -24.9 | 421.9 | 664.6 |
| 3 | 5513.3P | 3697.6P | 724.9P | -39.3P | 464.6P | 677.3P |
| 4 | 5635.5 | 3796.8 | 757.9 | -52.6 | 441.3 | 692.2 |
| YEAR | 5491.9 | 3676.3 | 747.2 | -36.7 | 434.6 | 673.4 |
| % change from '89 | 5.6 | 6.6 | -3.1 | -20.4 | 8.6 | 7.6 |
| 1991:1 | 5750.6 | 3885.1 | 758.5 | -57.8 | 453.4 | 711.4 |
| 2 | 5876.1 | 3981.8 | 763.7 | -52.9 | 463.1 | 720.3 |
| 3 | 5996.7 | 4074.1 | 767.8 | -50.4 | 468.2 | 737.0 |
| 4 | 6122.6 | 4175.7 | 767.3 | -46.3 | 476.9 | 749.1 |
| YEAR | 5936.5 | 4029.2 | 764.3 | -51.8 | 465.4 | 729.4 |
| % change from '90 | 8.1 | 9.6 | 2.3 | 41.3 | 7.1 | 8.3 |
| 1992:1 | 6248.0 | 4263.2 | 780.2 | -38.4 | 485.4 | 757.6 |
| 2 | 6394.9 | 4378.5 | 783.7 | -34.7 | 492.4 | 775.0 |
| 3 | 6589.7 | 4543.5 | 786.2 | -30.6 | 499.2 | 791.4 |
| 4 | 6693.3 | 4614.5 | 792.4 | -30.5 | 508.4 | 808.5 |
| YEAR | 6481.5 | 4450.0 | 785.6 | -33.5 | 496.3 | 783.1 |
| % change from '91 | 9.2 | 10.4 | 2.8 | -35.3 | 6.6 | 7.4 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

### 1990 FORECAST DATA

Percent Change from November 1990 Forecast

| | |
|---|---|
| + .46% | Unemployment |
| 0.00% | Agriculture |
| - .01% | Total Employed |
| - .01% | Non Agriculture |
| - .02% | Population |
| - .02% | Civilian Labor Force |

THE NOVEMBER UNEMPLOYMENT RATE INCREASED BY .2% TO 5.9%. IT IS EXPECTED IT WILL CONTINUE TO GO UP THIS MONTH AND PEAK AT 6.2% IN THE FIRST QUARTER OF THE COMING YEAR.

The rate is expected to keep declining slightly in the following quarters. More comfortable rates of 5.5-5.6% are forecasted to take place not earlier than in the second half of 1992.

Interestingly, the current 5.9% unemployment rate, heralded by media as a sign of a recession, is the same as was the 5.9% unemployment rate in 1987 that was the year of a continuous strong expansion of the U. S. economy.

In the year ahead, industries and segments that will continue to have significant problems with employment are predicted to be the construction industry, air transportation, textile and apparel, banking, insurance and real estate.

## TABLE 1.30
## EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Population | Civil. labor force | Total | Agricult. | Non-agric. | Unemployment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1989* | 258.1 | 123.9 | 117.3 | 3.2 | 114.1 | 5.29 |
| 1990:1* | 259.4 | 124.6 | 118.0 | 3.2 | 114.8 | 5.26 |
| 2* | 260.3 | 124.9 | 118.2 | 3.2 | 115.0 | 5.29 |
| 3* | 261.3 | 125.9 | 118.9 | 3.2 | 115.7 | 5.59 |
| 4 | 262.4 | 126.5 | 119.1 | 3.2 | 115.9 | 5.84 |
| YEAR | 260.9 | 125.5 | 118.3 | 3.2 | 115.1 | 5.50 |
| % change from '89 | 1.1 | 1.3 | 1.2 | 0.0 | .9 | 3.9 |
| 1991:1 | 263.4 | 126.9 | 119.4 | 3.2 | 116.2 | 5.79 |
| 2 | 264.5 | 127.3 | 120.0 | 3.2 | 116.8 | 5.73 |
| 3 | 265.1 | 128.0 | 120.8 | 3.2 | 117.6 | 5.64 |
| 4 | 266.4 | 128.2 | 121.1 | 3.2 | 117.9 | 5.57 |
| YEAR | 264.9 | 127.6 | 120.3 | 3.2 | 117.1 | 5.71 |
| % change from '90 | 1.5 | 1.7 | 1.6 | 0.0 | 1.8 | 3.87 |
| 1992:1 | 267.3 | 128.7 | 121.7 | 3.2 | 118.5 | 5.46 |
| 2 | 268.4 | 129.5 | 122.5 | 3.2 | 119.3 | 5.37 |
| 3 | 269.2 | 130.1 | 123.2 | 3.2 | 120.0 | 5.28 |
| 4 | 269.2 | 131.0 | 124.1 | 3.2 | 120.9 | 5.26 |
| YEAR | 268.5 | 129.8 | 122.9 | 3.2 | 119.7 | 5.34 |
| % change from '91 | 1.4 | 1.7 | 1.9 | 0.0 | 2.2 | -6.40 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + 3.59% | Single family housing starts |
| - .26% | Mobile home shipments |
| - .92% | 1-family housing new |
| - 4.61% | 1-family housing existing |
| - 7.81% | Multiple family housing starts |
| -16.42% | Permits issued |

IN 1991, DATA SHOW 1.267 MIL. UNITS STARTS, AND A SIGNIFICANT INCREASE IN HOUSING ACTIVITY IN 1992.

In 1992, data forecast 1.394 mil units, an increase of 127 thousand units, however, gains in housing activity are attributable almost exclusively to single-family housing starts.

Data for multi-family starts point to a continuous slump in 1991, and only marginally improving conditions for apartments in 1992.

In 1991, mobile home shipments are forecasted to stay at approximately the same levels as in 1990. They are expected to increase slightly in 1992.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1989* | 1.003 | .373 | .198 | 1.338 | 148.5 | 118.0 |
| 1990:1* | 1.083 | .357 | .229 | 1.416 | 155.3 | 120.1R |
| 2* | .893R | .303R | .191 | 1.097R | 154.6R | 118.4R |
| 3 | .881 | .301P | .180P | 1.001P | 160.1P | 120.2P |
| 4 | .868 | .219 | .182 | 1.063 | 162.1 | 121.3 |
| YEAR | .931 | .295 | .196 | 1.144 | 158.0 | 120.0 |
| % change from '89 | -7.2 | -20.9 | -1.3 | -14.5 | 6.4 | 1.7 |
| 1991:1 | .902 | .254 | .196 | .984 | 163.4 | 123.5 |
| 2 | .946 | .301 | .208 | 1.182 | 168.7 | 126.6 |
| 3 | 1.029 | .304 | .212 | 1.216 | 174.1 | 128.5 |
| 4 | 1.018 | .317 | .209 | 1.307 | 175.2 | 130.1 |
| YEAR | .974 | .294 | .206 | 1.172 | 170.3 | 127.2 |
| % change from '90 | 4.6 | -.3 | 5.5 | 2.4 | 7.8 | 6.0 |
| 1992:1 | .975 | .311 | .204 | 1.178 | 178.6 | 133.3 |
| 2 | 1.047 | .339 | .236 | 1.243 | 183.5 | 138.2 |
| 3 | 1.108 | .376 | .249 | 1.474 | 185.2 | 139.9 |
| 4 | 1.102 | .316 | .201 | 1.328 | 190.3 | 143.3 |
| YEAR | 1.058 | .336 | .223 | 1.306 | 184.4 | 138.7 |
| % change from '91 | 8.7 | 14.1 | 7.9 | 11.4 | 8.2 | 9.0 |

*Historical data. R = Revised. P = Preliminary.

**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + .74% | Domestic Car Sales |
| + .37% | Shipments |
| 0.00% | Dealer Inventory |
| 0.00% | Total Car Sales |
| - .60% | Light Truck Sales |
| - 1.67% | Imported Car Sales |

THE OUTLOOK FOR FACTORY SHIPMENTS OF PASSENGER CARS IN THE COMING YEAR CALLS FOR 6.8 MIL. CARS, SLIGHTLY BELOW THE ESTIMATED SHIPMENTS OF 6.9 MIL. THIS YEAR.

Data indicate some problems for automakers in the coming quarter. The upward trend in production is expected to start in the third quarter of next year.

Forecast for light-duty trucks, vans, jeeps, recreational vehicles and other vehicles of the light-duty trucks category is a bit better when compared to passenger cars. Output and sales are predicted to be slightly above the 1990 level. Strong market is expected to prevail for most of 1991.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1989* | 9.9 | 7.1 | 2.8 | 1.7 | 7.2 | 4.1 |
| 1990:1* | 9.7 | 6.7 | 3.0 | 1.5 | 6.5 | 4.0 |
| 2* | 9.6 | 6.8 | 2.8 | 1.5 | 6.9 | 4.4 |
| 3 | 10.0 | 7.0 | 3.0 | 1.6 | 7.0 | 4.2 |
| 4 | 9.9 | 6.9 | 3.0 | 1.7 | 6.9 | 4.1 |
| YEAR | 9.8 | 6.8 | 3.0 | 1.7 | 6.8 | 4.2 |
| % change from '89 | -1.0 | -3.5 | 5.4 | 0.0 | -5.2 | 1.8 |
| 1991:1 | 9.8 | 6.9 | 2.9 | 1.6 | 6.8 | 4.1 |
| 2 | 10.0 | 7.0 | 3.0 | 1.6 | 7.2 | 4.4 |
| 3 | 10.5 | 7.5 | 3.0 | 1.7 | 7.4 | 4.5 |
| 4 | 10.6 | 7.6 | 3.0 | 1.7 | 7.3 | 4.4 |
| YEAR | 10.2 | 7.2 | 3.0 | 1.7 | 7.2 | 4.3 |
| % change from '90 | 4.3 | 3.5 | .8 | 0.0 | 5.1 | 4.2 |
| 1992:1 | 9.2 | 6.2 | 3.0 | 1.7 | 7.3 | 4.5 |
| 2 | 10.5 | 7.4 | 3.1 | 1.7 | 7.5 | 4.8 |
| 3 | 11.5 | 8.4 | 3.1 | 1.8 | 7.7 | 4.9 |
| 4 | 10.9 | 7.7 | 3.2 | 1.8 | 7.5 | 4.6 |
| YEAR | 10.5 | 7.4 | 3.1 | 1.8 | 7.5 | 4.7 |
| % change from '91 | 2.9 | -1.3 | 4.2 | 5.9 | 4.5 | 8.0 |

*Historical data. R = Revised. P = Preliminary.

**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

THE LARGEST FEDERAL DEFICIT TO DATE WAS IN FY 1986--$221 BIL., CLOSELY FOLLOWED BY THE $220 BIL. DEFICIT IN FY 1990 THAT ENDED SEPTEMBER 30.

For this fiscal year, legislators originally sought $50 bil. in cuts, later on the $40 bil. cut, a figure now reduced to $35 bil.

KEDI forecast of Federal budget deficits does not include financing of the Persian Gulf crisis, but included the expected outlays related with the saving institutions' bail-out. Compared to data recently released by the Congressional Budget Office, KEDI data differ significantly:

FEDERAL BUDGET DEFICITS (IN BIL.$)

| FY | CBO | KEDI |
|---|---|---|
| 1990 | 220 | 220 |
| 1991 | 253 | 231 |
| 1992 | 262 | 228 |
| 1993 | 170 | 180 |
| 1994 | 58 | 98 |
| 1995 | 29 | 67 |

### 1990 FORECAST DATA

Percent Change from November 1990 Forecast

| | |
|---|---|
| + .68% | Federal Surplus/ Deficit |
| + .05% | Federal Income Tax |
| + .02% | State Income Tax |
| - .26% | State Surplus Deficit |
| - .34% | Corporate Profit Tax Accrued |
| - 2.24% | State Corp. Tax Accrued |

### TABLE 1.50
### FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | FEDERAL | | | STATE AND LOCAL | | |
|---|---|---|---|---|---|---|
| | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 464.0 | 110.4 | -134.3 | 194.3 | 24.7 | 46.4 |
| 1990:1* | 473.6 | 106.5 | -168.3 | 201.5 | 23.3 | 38.1 |
| 2* | 492.1 | 109.2 | -166.0 | 204.4 | 23.9 | 38.6 |
| 3 | 507.2P | 119.4P | -204.3P | 209.8P | 24.3P | 39.6P |
| 4 | 518.8 | 112.0 | -218.5 | 212.9 | 24.7 | 40.1 |
| YEAR | 497.9 | 109.5 | -189.3 | 207.2 | 24.1 | 39.1 |
| % change from '89 | 7.3 | -.8 | 40.9 | 6.6 | -2.6 | -15.7 |
| 1991:1 | 528.1 | 115.0 | -209.3 | 215.7 | 27.8 | 42.0 |
| 2 | 537.4 | 117.2 | -212.4 | 218.8 | 30.3 | 43.5 |
| 3 | 555.7 | 124.0 | -209.6 | 223.5 | 32.5 | 45.4 |
| 4 | 569.8 | 127.3 | -198.8 | 229.9 | 33.7 | 47.1 |
| YEAR | 547.8 | 120.9 | -207.5 | 222.0 | 31.1 | 44.5 |
| % change from '90 | 10.0 | 10.4 | 9.6 | 7.2 | 29.2 | 13.8 |
| 1992:1 | 594.9 | 130.8 | -189.4 | 236.8 | 36.0 | 48.6 |
| 2 | 606.2 | 134.6 | -175.6 | 240.4 | 37.0 | 49.1 |
| 3 | 618.3 | 139.8 | -150.2 | 249.7 | 37.9 | 51.3 |
| 4 | 624.3 | 146.5 | -131.4 | 257.6 | 39.1 | 53.0 |
| YEAR | 610.9 | 137.9 | -161.7 | 246.1 | 37.5 | 50.5 |
| % change from '91 | 11.5 | 14.1 | -22.1 | 10.9 | 20.7 | 13.5 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

### 1990
### FORECAST
### DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + .02% | Personal Income |
| + .02% | Personal Dispos. Income |
| - .06% | Average weekly earnings |
| - .16% | Corporate After Tax Profit |
| - .36% | Comp. of employees |
| - .43% | Personal Savings |

FORECAST DATA FOR CORPORATE PROFITS PRESENT A MIXED PICTURE WHILE THE FORECAST DATA FOR PERSONAL INCOME AND ITS COMPONENTS POINTS TO SOME SLOWING DOWN.

The outlook for majority of segments of the economy remains bleak, especially for the private banking industry, air transportation, wholesale trade, construction, consumer durables, forest products, insurance, real estate, and communications. Improvements in profits, in general, are expected to take place not earlier than in 1992.

For components of Personal Income that will slow somewhat during the first half of next year are compensation of employees, dividends, and rental income. Resumption of regular increases which are commensurate to those of last years is forecasted to start late in the second half of 1991.

## TABLE 1.60
## INCOME

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1989* | 4384.3 | 3725.5 | 3079.0 | 172.6 | 171.8 | 431.6 |
| 1990:1* | 4562.8 | 3887.7 | 3182.4 | 167.1 | 191.3 | 434.4 |
| 2* | 4622.2 | 3925.7 | 3290.7 | 166.1 | 195.1 | 444.1 |
| 3 | 4677.7P | 3968.6P | 3374.6P | 166.5P | 207.9P | 448.5 |
| 4 | 4746.3 | 4014.6 | 3419.0 | 166.8 | 217.8 | 449.1 |
| YEAR | 4652.2 | 3949.1 | 3316.7 | 166.6 | 203.0 | 444.0 |
| % change from '89 | 6.1 | 6.0 | 7.7 | -3.5 | 18.2 | 2.9 |
| 1991:1 | 5038.9 | 4295.1 | 3501.3 | 165.5 | 224.9 | 451.7 |
| 2 | 5158.6 | 4402.4 | 3547.8 | 170.9 | 230.5 | 455.3 |
| 3 | 5281.8 | 4502.6 | 3624.9 | 177.4 | 234.2 | 460.8 |
| 4 | 5401.6 | 4601.9 | 3744.2 | 183.6 | 229.5 | 463.2 |
| YEAR | 5220.2 | 4450.5 | 3604.6 | 174.3 | 229.8 | 457.8 |
| % change from '90 | 12.2 | 12.7 | 8.7 | 4.6 | 13.2 | 3.1 |
| 1992:1 | 5531.9 | 4700.2 | 3850.1 | 185.4 | 235.7 | 464.4 |
| 2 | 5673.3 | 4826.7 | 3930.3 | 193.2 | 242.6 | 473.2 |
| 3 | 5868.0 | 5000.0 | 4009.6 | 196.3 | 247.3 | 478.5 |
| 4 | 5962.8 | 5080.9 | 4102.3 | 200.9 | 252.6 | 482.7 |
| YEAR | 5759.0 | 4902.0 | 3973.1 | 193.9 | 244.6 | 474.7 |
| % change from '91 | 10.3 | 10.1 | 10.2 | 11.2 | 6.4 | 3.7 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + .52% | Comm. & indust. loans |
| - .19% | Mortg. at all holders |
| - .25% | Cons. instal. credit |
| - .30% | Currency & demand deposits |
| - .35% | Time deposits |
| -20.75% | Large denom. time deposits |

INCREASES IN MONEY SUPPLY AND CREDIT ARE PREDICTED TO BE MODEDRATE.

Data for money supply, M1 call for the 3.5% and 3.4% increases in respective years 1991 and 1992. Corresponding increases of 7.3% and 7.9% are predicted for money supply M2 in both years.

In credit markets, the fastest growing aggregates are expected to be the consumer installment credit, and issues of Federal Government securities. For 1991, weaknesses in markets for corporate bonds, commercial mortgages and municipal bonds are expected to prevail. Corporate bonds market is expected to improve significantly in 1992.

## TABLE 1.70
## MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDICATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2, s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 785.4 | 3122.5 | 716.6 | 568.8 | 558.3 | 3528.5 |
| 1990:1* | 800.3 | 3249.3 | 720.4 | 574.3 | 549.6R | 3593.6 |
| 2* | 807.6 | 3274.5 | 724.9 | 575.9 | 535.5R | 3595.8 |
| 3* | 815.6 | 3304.3 | 735.4 | 576.2 | 523.7R | 3620.2P |
| 4 | 824.4 | 3329.5 | 748.3 | 579.2 | 534.7 | 3630.1 |
| YEAR | 812.0 | 3289.4 | 748.3 | 579.2 | 534.7 | 3630.1 |
| % change from '89 | 3.4 | 5.3 | 4.4 | 5.3 | -4.2 | 2.9 |
| 1991:1 | 831.2 | 3364.3 | 760.2 | 582.0 | 555.3 | 3678.1 |
| 2 | 834.2 | 3419.8 | 780.1 | 584.7 | 574.2 | 3702.0 |
| 3 | 844.9 | 3514.6 | 790.8 | 585.4 | 582.6 | 3769.3 |
| 4 | 853.7 | 3587.7 | 806.1 | 591.1 | 598.9 | 3791.7 |
| YEAR | 841.0 | 3471.6 | 806.1 | 591.1 | 598.9 | 3791.7 |
| % change from '90 | 3.6 | 5.5 | 7.7 | 2.1 | 12.0 | 4.5 |
| 1992:1 | 860.5 | 3634.2 | 828.0 | 593.8 | 602.2 | 3838.4 |
| 2 | 868.7 | 3697.3 | 837.5 | 594.6 | 609.8 | 3892.4 |
| 3 | 887.2 | 3764.2 | 850.4 | 598.8 | 621.4 | 3978.7 |
| 4 | 893.6 | 3812.1 | 860.1 | 603.9 | 626.7 | 4040.8 |
| YEAR | 877.5 | 3726.9 | 860.1 | 603.9 | 626.7 | 4040.8 |
| % change from '91 | 4.3 | 7.4 | 6.7 | 2.2 | 4.6 | 6.6 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

IN 1991, THE RELAXATION OF THE FEDERAL RESERVE INTEREST RATES POLICY IS ANTICIPATED TO BE OF RELATIVELY SHORT DURATION.

Forecasted declines in interest rates are expected to be small and will probably end in the last months of 1991. Data for 1992 indicate the interest rates will resume the upward trend throughout the year.

In both forecast years, the upward and downward movements in interest rates are expected to evolve through gradual changes, however, no abrupt ups and downs are predicted.

Forecast of long-term interest rates calls for a more pronounced downward trend to take place throughout the year 1992.

1990
FORECAST
DATA

Percent Change
from
November 1990
Forecast

| | |
|---|---|
| + 4.31% | S & P's 500 Avg. |
| + 1.56% | Aaa corp. bonds |
| 0.00% | Prime Rate |
| - .03% | Conv. Mortg. Rate |
| - .20% | 30 Year govt. bond yield |
| - .72% | Treas. Bills 3 mo. yield |

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES

Quarterly averages of monthly figures.

| INDICATOR<br>Unit | Treas. bills 3 mo. yield<br>% | Prime rate<br>% | Conv. mortg rate<br>% | Aaa corp. bond rate<br>% | 30 yr. Govt. bonds yield<br>% | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1989* | 8.12 | 10.74 | 9.69 | 9.26 | 8.45 | 323.05 |
| 1990:1* | 7.76 | 10.00 | 9.76 | 9.24 | 8.35 | 336.47 |
| 2* | 7.78 | 10.00 | 9.83 | 9.34 | 8.61 | 349.63 |
| 3* | 7.49 | 10.00 | 9.80 | 9.74 | 8.80 | 344.70 |
| 4 | 7.11 | 10.00 | 9.76 | 9.50 | 8.69 | 358.62 |
| YEAR | 7.54 | 10.00 | 9.79 | 9.46 | 8.61 | 347.36 |
| % change from '89 | -7.2 | -6.9 | 1.0 | 2.1 | 1.9 | 7.5 |
| 1991:1 | 7.04 | 9.58 | 9.70 | 9.40 | 8.56 | 360.24 |
| 2 | 6.98 | 9.12 | 9.57 | 9.33 | 8.42 | 361.97 |
| 3 | 7.10 | 9.98 | 9.50 | 9.31 | 8.65 | 358.50 |
| 4 | 7.24 | 9.92 | 9.52 | 9.24 | 8.32 | 367.42 |
| YEAR | 7.09 | 9.65 | 9.57 | 9.32 | 8.49 | 362.03 |
| % change from '90 | -5.9 | -3.5 | -2.2 | -1.4 | -1.5 | 4.2 |
| 1992:1 | 7.33 | 10.04 | 9.64 | 9.32 | 8.18 | 374.31 |
| 2 | 7.64 | 10.14 | 9.79 | 9.50 | 8.29 | 378.28 |
| 3 | 7.87 | 10.42 | 10.02 | 9.63 | 8.36 | 381.42 |
| 4 | 8.06 | 10.35 | 10.46 | 10.05 | 8.57 | 384.50 |
| YEAR | 7.72 | 10.24 | 9.98 | 9.62 | 8.35 | 379.63 |
| % change from '91 | 9.0 | 6.1 | 4.2 | 3.3 | -1.6 | 4.9 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue the Index of Consumer Price Index has been selected for comparison. Forecast data have been published in New York Times, December 27, 1988, Business Section, page D1, and in The Journal of Business Forecasting Methods and Systems 7 (1988) 4, p. 42 (K.E.D.I. forecast). Accual figures is in the Survey of Current Business (U. S. Department of Commerce, Washington, D. C., monthly), 64 (1990), 5 blue pages.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Consumer Price Index
(% increase from 1988 to 1989)
Actual figure: 5.3

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Irving Trust Co. | 12/88 | 5.0 | - 5.7 |
| Salomon Brothers | 12/88 | 5.0 | - 5.7 |
| Morgan Guaranty | 12/88 | 5.3 | 0 |
| Prudential-Bache | 12/88 | 4.9 | - 7.5 |
| Merrill Lynch | 12/88 | 5.5 | + 9.3 |
| Blue Chip Indicators | 12/88 | 5.5 | + 9.3 |
| Chrysler Corporation | 12/88 | 6.1 | +15.1 |
| UCLA Forecasting Project | 12/88 | 5.6 | + 5.7 |
| KEDI, Inc. | 12/88 | 5.3 | 0 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

TABLE 3.00

HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

TABLE 3.00

HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

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# KEDI ECONOMIC SURVEY

January 1991

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SOURCES:

The U. S. Department of Commerce, second estimates of 1990:3, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, January 1991.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

The majority of economists now believe that the current slump in the economy will be over by the middle of the year.

### Prices

In December 1990, Producer Prices fell by .6%, the sharpest drop in more than four years.

### Employment & Labor

In its recent forecast, the Administration predicts that the unemployment rate will peak at 6.8% in the middle of the year.

### Housing

For the year 1990, housing starts declined to 1.19 mil. units, still above the 1.06 mil. units of the recession year of 1982.

### Automobiles

In 1990 total sales of cars and light-duty trucks fell to 13.8 mil., down 5.1% from 1989.

### Budgets

KEDI forecast data for the Federal budget deficit include approx. $30 bil. for operations in the Middle-East to mid-January.

### Income

Forecast data point to a significant slowdown in personal income and personal disposable income in 1990:4 and 1991:1.

### Money & Credit

Markets for commercial and industrial loans, and mortgages are expected to remain sluggish throughout the year.

### Interest Rates, Yields & Securities Prices

In the second half of the year, small but persistent increases in interest rates are predicted.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with China, the USSR, and East Europe will expand in 1991 and following years | January 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST-HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the January 1991 KEDI forecast. | |
| * | The 1990 growth will slow down in the first half of of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the first half of 1991 interest rates will be declining slightly. | December 1990 |
| * | Federal budget deficits will keep declining in 1992 and the following years. | October 1990 |
| * | The 1990 export-import gap will start closing to a more acceptable level in 1991 and afterward. | October 1990 |

## TABLE 0.00

## KEDI FO 4.0GHLIGHTS

Data for 1989, 1990 and 1991 are on pages indicated below.

| Indicator | Unit | 1989 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4117.7 | 4460.3 | 4585.1 | 4727.3 |
| product, p. 5 | % change | 2.9 | 2.7 | 2.8 | 3.1 |
| Index of indust. | 1977=100 | 108.1 | 117.1 | 121.0 | 125.1 |
| prod., p. 5 | % change | 3.3 | 2.5 | 3.3 | 3.4 |
| Capacity | % | 84.0 | 84.1 | 83.6 | 82.9 |
| utiliz., p. 5 | % change | .6 | .2 | -.6 | -.8 |
| Unemployment | % | 5.2 | 5.5 | 5.5 | 5.4 |
| rate, p. 5 | % change | -4.6 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.4 | 1.4 | 1.3 | 1.3 |
| starts, p. 5 | % change | -5.8 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 10.1 | 10.6 | 10.9 | 11.3 |
| p. 5 | % change | -5.2 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 126.3 | 154.0 | 159.7 | 164.9 |
| price def.,p.11 | % change | 4.4 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 1967=100 | 124.0 | 150.8 | 156.3 | 162.2 |
| Index, p. 11 | % change | 4.7 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1967=100 | 113.5 | 145.5 | 151.3 | 157.2 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -145.7 | -185.6 | -147.8 | -119.8 |
| p. 21 | % change | -1.5 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4384.3 | 6185.7 | 6655.8 | 7201.6 |
| p. 23 | % change | 9.0 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.7 | 10.0 | 10.7 | 11.5 |
| p. 27 | % change | 14.4 | -2.0 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.6 | 10.5 | 10.8 | 10.6 |
| p. 27 | % change | 10.0 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 782.7 | 924.9 | 980.4 | 1040.2 |
| deposits , p. 25 | % change | 1.3 | 5.4 | 6.0 | 6.1 |
| Commercial+ind. | bil. $ | 564.3 | 579.5 | 596.3 | 610.1 |
| loans, p. 25 | % change | 5.3 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 91.2 | 94.1 | 95.1 | 94.9 |
| production | % change | -.9 | -.7 | 1.1 | -.2 |
| Electric power | mil.kw-hr | 2864 | 3032.4 | 3147.6 | 3276.7 |
| production | % change | 3.1 | 3.5 | 3.8 | 4.1 |
| Bituminous coal | mil.sh.tons | 941 | 986 | 998.8 | 1013.8 |
| production | % change | 1.2 | 1.0 | 1.3 | 1.5 |
| Crude oil | avg. daily bbl. | 3002 | 3142 | 3173.7 | 3202.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2293.1 | 2456.0 | 2635.2 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

## 1.11 REAL GROWTH

See Table 1.11
Page 5

THE MAJORITY OF ECONOMISTS NOW BELIEVE THAT THE CURRENT SLUMP IN THE ECONOMY WILL BE OVER BY THE MIDDLE OF THIS YEAR (Business Week, Dec. 31/Jan. 7, 1991, pp. 74-77; Wall Street Journal, Jan. 2, 1991, p. A2, for example).

Some economists also believe that the worst is over because the December data have shown some slowing down in the decline. KEDI shares the view of the length of the slump--mid year--but expects the worst is yet to come. The majority of the indicators that point to developments for the next several months ahead show declines will continue:

* The index of purchasing managers fell for the sixth month in a row, to 40.4% in December, its lowest mark since 1982.
* In November, orders for factory goods dropped 5.9% and orders for durables by 10.5%. Factory shipments fell by 2.8% compared to the October data.
* The number of unemployment claims soared 16.8% in December, the highest in eight years.
* Total sales by businesses fell 1.2% in November helping to push inventories up .3%.
* In December, Index of Industrial Production fell by .6% the third drop in the row, and the capacity utilization also fell by .6%.

The positive aspect is seen in the following:

* Declines in economic activity have been slowing down.
* Data on declines of the Index of Industrial Production, employment, retail sales, net exports, housing activity, and some other areas signal the economy is not too far from the bottom and will resume its upward trend shortly afterward.

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + 1.10% | Private Housing Starts |
| - .04% | GNP |
| - .09% | Index Indust. Prod. |
| - .18% | Unemployment |
| - .26% | Autos |
| - .36% | Capacity Util. |

## TABLE 1.11
## SELECTED INDICATORS I.

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unem-ploy ment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 108.1 | 5.29 | 84.0 | 1.376 | 9.9 |
| 1990:1* | 4150.6 | 108.0 | 5.26 | 82.6 | 1.440 | 9.7 |
| 2* | 4155.1 | 109.4 | 5.29 | 82.6 | 1.196 | 9.6 |
| 3* | 4170.0 | 109.7 | 5.59 | 82.1 | 1.150P | 10.0 |
| 4 | 4162.2 | 108.9 | 5.82 | 81.1 | 1.067 | 9.8 |
| YEAR | 4159.5 | 109.0 | 5.49 | 82.1 | 1.2 | 9.8 |
| % change from '89 | 1.0 | .8 | 3.8 | -2.3 | -11.8 | -1.3 |
| 1991:1 | 4162.1 | 109.0 | 6.34 | 80.8 | 1.095 | 9.6 |
| 2 | 4187.3 | 109.6 | 6.28 | 81.2 | 1.195 | 9.8 |
| 3 | 4212.5 | 110.2 | 6.01 | 82.2 | 1.647 | 10.2 |
| 4 | 4246.7 | 111.8 | 5.87 | 83.0 | 1.237 | 10.4 |
| YEAR | 4202.1 | 110.2 | 6.12 | 81.8 | 1.293 | 10.0 |
| % change from '90 | 1.0 | 1.1 | 11.6 | -.4 | 6.6 | 2.3 |
| 1992:1 | 4279.6 | 112.6 | 5.65 | 83.1 | 1.216 | 9.4 |
| 2 | 4330.5 | 113.7 | 5.37 | 84.0 | 1.300 | 10.2 |
| 3 | 4367.4 | 114.8 | 5.48 | 84.2 | 1.464 | 10.8 |
| 4 | 4394.5 | 115.9 | 5.29 | 84.3 | 1.268 | 10.7 |
| YEAR | 4343.0 | 114.2 | 5.45 | 83.9 | 1.312 | 10.3 |
| % change from '91 | 3.4 | 3.7 | -11.1 | 2.6 | 1.4 | 2.8 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + .05% | Pers. Con. Expend. Services |
| - .01% | Retail Sales Durable |
| - .16% | Retail Sales Total |
| - .21% | Pers. Con. Expend. Nondurable |
| - .30% | Pers. Cons. Expend. Durable |
| - .37% | Retail Sales Nondurable |

IN DECEMBER 1990, RETAIL SALES FELL BY .4%, LARGELY BECAUSE OF AUTOMOBILE SALES AND WEAK CHRISTMAS SEASON. FOR ALL OF LAST YEAR, SALES GREW 3.8%.

Forecast of retail sales for 1991 calls for flat first and second quarters of this year, and a revival in the second half.

Automobile sales are expected to drop significantly in the first quarter of this year, and to remain vigorous afterward.

Department store sales will remain weak throughout the first half of the year, mainly due to slow demand for hardware, home electronics, footwear and appliances. Sales of building materials and, especially furniture and some other home furnishings are expected to perform moderately, while clothing, apparel and textiles are predicted to experience another flat year.

Forecast for grocery and drug stores and specialty stores calls for a fairly good performance throughout the year.

Sales of petroleum and coal products are also expected to keep increasing.

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| | *--Personal Cons. Expend.-* | | | *------Retail Sales-------* | | |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1989* | 474.6 | 1130.0 | 1845.5 | 1733.7 | 645.6 | 1088.2 |
| 1990:1* | 492.1 | 1174.7 | 1921.3 | 1796.4 | 663.6 | 1135.8 |
| 2* | 478.4 | 1179.0 | 1965.3 | 1799.3 | 689.4 | 1109.9 |
| 3* | 482.3 | 1205.0 | 2006.2 | 1801.2 | 694.1 | 1122.1 |
| 4 | 490.2 | 1226.0 | 2078.4 | 1824.5 | 692.3 | 1132.2 |
| YEAR | 485.8 | 1196.2 | 1992.8 | 1805.3 | 684.9 | 1125.0 |
| % change from '89 | 2.3 | 5.9 | 8.0 | 4.1 | 6.1 | 3.4 |
| 1991:1 | 496.2 | 1238.0 | 2123.9 | 1850.2 | 694.1 | 1156.1 |
| 2 | 507.0 | 1250.7 | 1963.2 | 1912.7 | 710.5 | 1202.2 |
| 3 | 528.5 | 1279.7 | 2245.7 | 1944.6 | 731.2 | 1213.4 |
| 4 | 543.7 | 1301.4 | 2320.3 | 1981.3 | 771.1 | 1210.2 |
| YEAR | 518.9 | 1267.5 | 2163.3 | 1922.2 | 726.7 | 1195.5 |
| % change from '90 | 6.8 | 6.0 | 8.6 | 6.5 | 6.1 | 6.3 |
| 1992:1 | 558.1 | 1319.1 | 2374.3 | 2004.2 | 792.2 | 1212.0 |
| 2 | 570.3 | 1344.1 | 2450.9 | 2071.4 | 808.5 | 1262.9 |
| 3 | 581.4 | 1389.2 | 2501.0 | 2118.3 | 820.3 | 1298.0 |
| 4 | 590.4 | 1416.6 | 2560.4 | 2194.9 | 831.6 | 1363.3 |
| YEAR | 575.0 | 1367.2 | 2471.7 | 2097.2 | 813.1 | 1284.1 |
| % change from '91 | 10.8 | 7.9 | 14.3 | 9.1 | 11.9 | 7.4 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

PRELIMINARY ESTIMATES OF THE DECLINE OF REAL GNP RANGE WITHIN THE 2 - 4% DECLINE SEASONALLY ADJUSTED RATE.

The first estimate of 1990:4 GNP will be released by the U. S. Dept. of Commerce on Friday, January 25, after the closing date of this issue of KES.

KEDI estimates the decline in 1990:4 GNP will not be profound: reasons:

* Federal expenditures will increase sharply because of additional spending on the Middle-East military operations.
* Preliminary data on consumer spending, the largest portion of GNP, show that it declined in the fourth quarter of last year, by a modest margin of .3 - .5% only.
* Data for residential construction, and net exports also indicate relatively small declines, while the business capital formation and business inventories increased slightly.

This adds up to a relatively small decline in the total GNP; not a drastic and precipituous drop as some economists expect.

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + .23% | Federal Govt. Purch. |
| - .04% | GNP |
| - .05% | Gross Private Dom. Inv. |
| - .06% | State & Local Purch. |
| - .09% | Pers. Cons. Expend. |
| - 1.40% | Net Exports |

### TABLE 1.13
### REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Gross National Product | | | | | |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 2656.8 | 716.9 | -54.1 | 334.9 | 463.2 |
| 1990:1* | 4150.6 | 2667.3 | 700.7 | -35.4 | 333.0 | 475.0 |
| 2* | 4155.1 | 2678.8 | 700.7 | -44.6 | 345.9 | 474.3 |
| 3* | 4170.0 | 2696.8 | 697.0 | -46.5P | 346.0 | 476.7 |
| 4 | 4162.2 | 2676.7 | 703.1 | -49.4 | 353.8 | 478.0 |
| YEAR | 4159.5 | 2683.3 | 700.4 | -44.0 | 344.7 | 476.0 |
| % change from '89 | 1.0 | 1.0 | -2.3 | -18.7 | 2.9 | 2.8 |
| 1991:1 | 4162.1 | 2667.1 | 704.2 | -48.0 | 358.2 | 480.6 |
| 2 | 4187.3 | 2672.0 | 706.2 | -44.0 | 369.9 | 483.2 |
| 3 | 4212.5 | 2679.6 | 711.0 | -39.8 | 374.3 | 487.4 |
| 4 | 4246.7 | 2699.9 | 714.3 | -35.2 | 377.5 | 490.2 |
| YEAR | 4202.1 | 2688.6 | 708.9 | -41.8 | 370.0 | 485.4 |
| % change from '90 | 1.0 | .2 | 1.2 | -5.1 | 7.3 | 2.0 |
| 1992:1 | 4279.6 | 2719.6 | 719.7 | -30.6 | 378.2 | 492.7 |
| 2 | 4330.5 | 2759.5 | 722.5 | -28.6 | 380.4 | 496.7 |
| 3 | 4367.4 | 2747.9 | 757.2 | -24.3 | 382.3 | 504.3 |
| 4 | 4394.5 | 2797.5 | 728.7 | -23.9 | 384.5 | 507.7 |
| YEAR | 4343.0 | 2756.1 | 732.0 | -26.9 | 381.4 | 500.4 |
| % change from '91 | 3.4 | 2.5 | 3.3 | -35.7 | 3.1 | 3.1 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + .10% | Consumer Price Index |
| + .07% | Pers. Cons. Expend. |
| + .06% | GNP |
| + .02% | Federal Govt. Expend. |
| 0.00% | Producer Price Index |
| - .01% | State Local Purch. |

IN DECEMBER 1990, PRODUCER PRICES FELL BY .6%, THE SHARPEST DROP IN MORE THAN FOUR YEARS.

In 1990, Producer prices for finished goods rose 5.6% compared to 4.9% in 1989. Excluding food and energy, the rate of increase was 3.5%.

In December 1990, consumer prices rose .3%. For 1990, CPI rose 5.4% up from 4.6% in 1989, mainly due to the energy components which shot up 35.4%.

The price outlook for this year and 1992 indicates that the current and the expected slowdown in the economy will not significantly affect prices--neither at the consumer nor the producer levels.

Forecast data indicate that prices of energy will continue increasing throughout this year and afterward. Prices of services are also expected to continue climbing at high rates.

Forecast data call for acceleration of inflation at consumer and producer price levels and some slowing down not earlier than in 1992.

CPI is expected to increase by 5.7% this year compared to the 5.5% hike in 1990. Data for PPI for finished goods call for respective 5.3% and 8%.

## TABLE 1.21
## PRICES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

|  | *---Indexes--* |  | *-------Price deflators--------* |  |  |  |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. |  |  |  |  |  |  |
| 1989* | 124.0 | 113.6 | 126.3 | 126.3 | 119.4 | 135.1 |
| 1990:1* | 128.0 | 117.4 | 129.5 | 134.0 | 123.3 | 138.9 |
| 2* | 129.3 | 117.5 | 131.0 | 135.2 | 122.0 | 140.1 |
| 3* | 132.4 | 120.5 | 132.2 | 137.0 | 123.0 | 142.0 |
| 4 | 134.0P | 123.8P | 135.6 | 141.8 | 125.8 | 144.5 |
| YEAR | 130.9 | 119.8 | 132.1 | 137.0 | 123.5 | 141.4 |
| % change from '89 | 5.6 | 5.5 | 4.6 | 8.5 | 3.5 | 4.6 |
| 1991:1 | 136.7 | 125.5 | 137.8 | 144.7 | 128.0 | 147.1 |
| 2 | 137.9 | 128.4 | 134.1 | 139.3 | 129.8 | 148.0 |
| 3 | 138.9 | 131.2 | 141.8 | 151.3 | 130.7 | 150.6 |
| 4 | 140.7 | 133.3 | 143.9 | 154.3 | 131.8 | 152.0 |
| YEAR | 138.6 | 129.6 | 139.4 | 147.4 | 130.1 | 149.4 |
| % change from '90 | 5.8 | 8.2 | 5.5 | 7.6 | 5.3 | 5.7 |
| 1992:1 | 142.8 | 135.0 | 145.6 | 156.3 | 132.9 | 153.2 |
| 2 | 144.8 | 137.0 | 147.3 | 158.2 | 133.9 | 155.1 |
| 3 | 146.0 | 140.1 | 149.2 | 162.7 | 134.8 | 156.0 |
| 4 | 148.2 | 142.8 | 151.2 | 163.3 | 135.9 | 158.0 |
| YEAR | 145.4 | 138.7 | 148.3 | 160.1 | 134.4 | 155.6 |
| % change from '91 | 5.0 | 7.0 | 6.4 | 8.7 | 3.3 | 4.1 |

*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

### 1991
### FORECAST
### DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + 1.29% | Gross Private Dom. Inv. |
| + .04% | GNP |
| - .06% | Pers. Cons. Expend. |
| - .06% | State & Local Expend. |
| - 1.97% | Federal Govt. Purch. |
| - 3.47% | Net Exports |

COMPARED TO ESTIMATES OF SOME ECONOMISTS, KEDI'S ESTIMATE OF GNP AND COMPONENTS IN 1990:4 IS NOT AS DISMAL.

The U. S. Department of Commerce will release its preliminary estimates of GNP and components for the last quarter of 1990, January 25, after the closing date of this issue of KES. In Table 1.22 on the following page, the GNP data for 1990:4 are KEDI's estimates.

Data on components of GNP which are expected to show increases in 1990:4 are: Federal Government expenditures, change in inventories, business capital formation, the trade balance, and state and local expenditures. All these components are expected to show a positive growth.

The fourth quarter declines are expected to take place at components of personal consumption expenditures and residential construction.

Taking into account the corresponding price increases, all sums up to a nominal GNP in the fourth quarter of this year to be flat--approximately at the level of the third quarter of last year.

### TABLE 1.22
### NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Gross National Product: Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 5200.8 | 3450.1 | 771.2 | -46.1 | 400.0 | 625.6 |
| 1990:1* | 5375.4 | 3588.1 | 747.2 | -30.0 | 410.6 | 659.6 |
| 2* | 5443.3 | 3622.7 | 759.0 | -24.9 | 421.9 | 664.6 |
| 3* | 5512.7 | 3693.4 | 759.7 | -41.3 | 426.5 | 677.0 |
| 4 | 5643.9 | 3794.6 | 761.4 | -45.5 | 445.1 | 690.7 |
| YEAR | 5493.8 | 3674.7 | 756.8 | -35.4 | 426.0 | 673.0 |
| % change from '89 | 5.6 | 6.5 | -1.9 | -23.2 | 6.5 | 7.6 |
| 1991:1 | 5735.4 | 3858.1 | 760.3 | -47.8 | 458.5 | 707.0 |
| 2 | 5615.2 | 3720.9 | 759.7 | 48.9 | 480.1 | 715.1 |
| 3 | 5973.3 | 4053.9 | 764.6 | -50.4 | 489.2 | 734.0 |
| 4 | 6111.0 | 4165.4 | 767.0 | -47.3 | 497.5 | 745.1 |
| YEAR | 5858.7 | 3949.6 | 762.9 | -48.6 | 481.3 | 725.3 |
| % change from '90 | 6.6 | 7.5 | .8 | 37.2 | 13.0 | 7.8 |
| 1992:1 | 6231.1 | 4251.5 | 774.2 | -37.5 | 502.6 | 754.8 |
| 2 | 6378.8 | 4365.3 | 780.3 | -34.2 | 509.4 | 770.4 |
| 3 | 6516.2 | 4471.6 | 784.6 | -30.6 | 515.3 | 786.7 |
| 4 | 6644.5 | 4567.4 | 790.7 | -30.5 | 522.5 | 802.2 |
| YEAR | 6442.6 | 4414.0 | 782.5 | -33.2 | 512.5 | 778.5 |
| % change from '91 | 10.0 | 11.8 | 2.6 | -31.7 | 6.5 | 7.3 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| 0.00% | Agriculture |
| 0.00& | Civilian Labor Force |
| - .02% | Populationa |
| - .18% | Unemployment |
| - .58% | Total Employed |
| - .59% | Non Agriculture |

IN ITS RECENT FORECAST, THE ADMINISTRATION PREDICTS THAT THE UNEMPLOYMENT RATE WILL PEAK AT 6.8% IN THE MIDDLE OF THE YEAR.

KEDI forecast is not as pessimistic:
* the 6.1% rate is the highest since June 1987, the time when the economy had been growing at strong rates
* the JDecember 1990 data on unemployment show that job losses in manufacturing slow considerably from the November pace: 76 thousand in December compared to 259 thousand in November
* the health care segment of the economy continued expanding by 60 thousand new jobs
* job losses in the construction industry were minimal.

KEDI forecast indicates that the unemployment rate will peak at around 6.5% in coming months, mainly due to layoffs in services producing industries, notably the airlines, banking, real estate, insurance, and automotive industries.

The return to more normal conditions is expected to start in the second quarter of this year.

## TABLE 1.30
## EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Population | Civil. labor force | Total | Agricult. | Non-agric. | Unemployment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1989* | 258.1 | 123.9 | 117.3 | 3.2 | 114.1 | 5.29 |
| 1990:1* | 259.4 | 124.6 | 118.0 | 3.2 | 114.8 | 5.26 |
| 2* | 260.3 | 124.9 | 118.2 | 3.2 | 115.0 | 5.29 |
| 3* | 261.3 | 125.9 | 118.9 | 3.2 | 115.7 | 5.59 |
| 4 | 262.4 | 126.6 | 119.2 | 3.2 | 116.0 | 5.82P |
| YEAR | 260.9 | 125.5 | 117.6 | 3.2 | 114.4 | 5.49 |
| % change from '89 | 1.1 | 1.3 | 1.2 | 0.0 | .3 | 3.8 |
| 1991:1 | 263.4 | 126.9 | 118.9 | 3.2 | 115.7 | 6.34 |
| 2 | 264.5 | 127.3 | 119.3 | 3.2 | 116.1 | 6.28 |
| 3 | 265.1 | 128.0 | 120.3 | 3.2 | 117.1 | 6.01 |
| 4 | 266.4 | 128.2 | 120.7 | 3.2 | 117.5 | 5.87 |
| YEAR | 264.9 | 127.6 | 119.8 | 3.2 | 116.6 | 6.12 |
| % change from '90 | 1.5 | 1.7 | 1.5 | 0.0 | 1.9 | 11.57 |
| 1992:1 | 267.3 | 128.7 | 121.4 | 3.2 | 118.2 | 5.65 |
| 2 | 268.4 | 129.5 | 122.5 | 3.2 | 119.3 | 5.37 |
| 3 | 269.2 | 130.1 | 123.0 | 3.2 | 119.8 | 5.48 |
| 4 | 269.2 | 131.0 | 124.1 | 3.2 | 120.9 | 5.29 |
| YEAR | 268.5 | 129.8 | 122.8 | 3.2 | 119.6 | 5.45 |
| % change from '91 | 1.4 | 1.7 | 1.9 | 0.0 | 2.5 | -11.06 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| - .27% | Single family housing starts |
| - .69% | 1-family housing existing |
| - .64% | Mobile home shipments |
| - .38% | 1-family housing new |
| - 2.23% | Permits Issued |
| - 3.47% | Multiple family housing starts |

FOR THE YEAR 1990, HOUSING STARTS DECLINED TO 1.19 MIL. UNITS, STILL ABOVE THE 1.06 MIL. UNITS OF THE RECESSION YEAR OF 1982.

In December, housing starts dropped again when compared to the November level, by 12.4%, to a seasonally adjusted 987 thousand units, the lowest level since June 1982, when the annual rate was 902 thousand units.

Though the data are dismal at the first look, they indicate housing starts are at the bottom or near the bottom--the slumping housing market is stabilizing:
* the December drop by 12.4% followed the November increase of 9.8%--the net loss of 2.4% in two months only
* the December decline was due almost exclusively to the drop in apartments while the single-family housing declined only slightly.
* in November, sales of new homes rose for the first time in five months.

The 1991 outlook for housing is not rosy by not too bad either. KEDI forecast calls for a weakness to persist in the first half of this year, with gradual improvements throughout the second half. Apartment housing is expected to remain at low levels throughout 1991, however.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1989* | 1.003 | .373 | .198 | 1.338 | 148.5 | 118.0 |
| 1990:1* | 1.083 | .357 | .229 | 1.416 | 155.3 | 120.1 |
| 2* | .893 | .303 | .191 | 1.097 | 154.6 | 118.4 |
| 3 | .880P | .270P | .179P | .988P | 159.6P | 119.0P |
| 4 | .858 | .209 | .180 | .973 | 160.1 | 119.6 |
| YEAR | .928 | .285 | .195 | 1.119 | 157.4 | 119.3 |
| % change from '89 | -7.4 | -23.7 | -1.6 | -16.4 | 6.0 | 1.1 |
| 1991:1 | .861 | .234 | .196 | .964 | 161.0 | 120.5 |
| 2 | .906 | .289 | .208 | 1.081 | 162.5 | 122.6 |
| 3 | .967 | .290 | .210 | 1.116 | 170.4 | 124.5 |
| 4 | .950 | .287 | .209 | 1.247 | 172.2 | 127.3 |
| YEAR | .921 | .275 | .206 | 1.102 | 166.5 | 123.7 |
| % change from '90 | -.8 | -3.4 | 5.6 | -1.5 | 5.8 | 3.7 |
| 1992:1 | .915 | .301 | .204 | 1.078 | 173.6 | 130.3 |
| 2 | .981 | .319 | .223 | 1.146 | 177.5 | 133.4 |
| 3 | 1.108 | .356 | .249 | 1.474 | 180.2 | 136.9 |
| 4 | .952 | .316 | .201 | 1.328 | 190.3 | 142.3 |
| YEAR | .989 | .323 | .219 | 1.256 | 180.4 | 135.7 |
| % change from '91 | 7.4 | 17.5 | 6.6 | 14.0 | 8.3 | 9.7 |

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*Historical data. R = Revised. P = Preliminary.
**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

### 1991 FORECAST DATA

Percent Change from December 1990 Forecast

| | |
|---|---|
| + .74% | Domestic Car Sales |
| 0.00% | Dealer Inventory |
| 0.00% | Shipments |
| - .26% | Total Car Sales |
| - 1.19% | Light Truck Sales |
| - 2.50% | Imported Car Sales |

IN 1990 TOTAL SALES OF CARS AND LIGHT-DUTY TRUCKS FELL TO 13.8 MIL., DOWN 5.1% FROM 1989.

The 1990 figure does not look too bad when comparedto 1983, when just 12.1 mil. vehicles had been sold.

The 1991 forecast shows the main weakness in car output and sales in the first quarter when car output is expected to drop to the 6.4 mil. annualized rate. Car sales are predicted to decline to annualized 9.5 mil. compared to 9.7 mil. vehicles year-earlier. The most effect is expected in domestically produced cars--6.4 mil. seasonally adjusted output is predicted.

The outlook for the following three quarters is more optimistic. Factory shipments of passenger cars are predicted to increase by .5 mil. cars in the second quarter, and to reach the 7.0-7.1 mil. annualized level in the second half of the year.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1989* | 9.9 | 7.1 | 2.8 | 1.7 | 7.2 | 4.1 |
| 1990:1* | 9.7 | 6.7 | 3.0 | 1.5 | 6.5 | 4.0 |
| 2* | 9.6 | 6.8 | 2.8 | 1.5 | 6.9 | 4.4 |
| 3* | 10.0 | 7.0 | 3.0 | 1.6 | 7.0 | 4.2 |
| 4 | 9.8 | 6.9 | 2.9 | 1.7 | 6.8 | 4.0 |
| YEAR | 9.8 | 6.8 | 2.9 | 1.7 | 6.8 | 4.2 |
| % change from '89 | -1.3 | -3.5 | 4.5 | 0.0 | -5.6 | 1.2 |
| 1991:1 | 9.5 | 6.7 | 2.9 | 1.6 | 6.4 | 4.0 |
| 2 | 9.8 | 6.8 | 3.0 | 1.6 | 6.9 | 4.2 |
| 3 | 10.2 | 7.2 | 3.0 | 1.7 | 7.1 | 4.5 |
| 4 | 10.4 | 7.4 | 3.0 | 1.7 | 7.0 | 4.3 |
| YEAR | 10.0 | 7.0 | 3.0 | 1.7 | 6.8 | 4.2 |
| % change from '90 | 2.3 | 1.5 | 1.7 | 0.0 | .7 | 2.4 |
| 1992:1 | 9.4 | 6.4 | 3.0 | 1.7 | 7.3 | 4.2 |
| 2 | 10.2 | 7.1 | 3.1 | 1.7 | 7.4 | 4.7 |
| 3 | 10.8 | 7.7 | 3.1 | 1.8 | 7.5 | 4.7 |
| 4 | 10.7 | 7.5 | 3.2 | 1.8 | 7.3 | 4.6 |
| YEAR | 10.3 | 7.2 | 3.1 | 1.8 | 7.4 | 4.5 |
| % change from '91 | 2.8 | -1.5 | 4.2 | 5.9 | 7.7 | 7.1 |

*Historical data. R = Revised. P = Preliminary.
**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + 2.05% | Corporate Profit Tax Accured |
| + .95% | State Surplus Deficit |
| - .18% | State Income Tax |
| - .32% | State Surplus Deficit |
| - .57% | Federal Income Tax |
| - .83% | State Corp. Tax Accrued |

KEDI FORECAST DATA FOR THE FEDERAL BUDGET DEFICIT INCLUDE APPROXIMATELY $30 BILLION FOR OPERATIONS IN THE MIDDLE EAST TO MID-JANUARY.

It is estimated that approximately $1 billion will be spent daily to conduct the war. The first official estimates of the cost of the Middle East War will be available February 4, the publication date for the FY 1991 budget.

Compared to figures presented by some analysts so far, KEDI's forecast data is relatively less pessimistic. While some data call for $300-400 bil. deficits, KEDI figures indicate the peak of the deficit of $290 bil. in the second quarter of this year of $290 bil. This forecast is based on anticipation of ceasing of hostitilities in the second quarter, and the end of the downturn of the economy in the first quarter of this year.

### TABLE 1.50
### FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----FEDERAL----------* | | | *---STATE AND LOCAL----* | | |
|---|---|---|---|---|---|---|
| | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 464.0 | 110.4 | -134.3 | 194.3 | 24.7 | 46.4 |
| 1990:1* | 473.6 | 106.5 | -168.3 | 201.5 | 23.3 | 38.1 |
| 2* | 492.1 | 109.2 | -166.0 | 204.4 | 23.9 | 38.6 |
| 3 | 504.3P | 119.2P | -208.4P | 209.0P | 24.1P | 39.2P |
| 4 | 510.3 | 112.1 | -221.7 | 212.4 | 24.3 | 40.0 |
| YEAR | 495.1 | 111.8 | -191.1 | 206.8 | 23.9 | 39.0 |
| % change from '89 | 6.7 | 1.2 | 42.3 | 6.4 | -3.2 | -16.0 |
| 1991:1 | 528.4 | 113.2 | -254.7 | 216.2 | 27.1 | 41.1 |
| 2 | 538.1 | 116.1 | -288.9 | 220.3 | 29.2 | 42.2 |
| 3 | 557.4 | 124.8 | -283.1 | 225.8 | 30.4 | 43.2 |
| 4 | 573.8 | 128.7 | -252.6 | 234.7 | 31.2 | 45.0 |
| YEAR | 549.4 | 120.7 | -269.8 | 224.2 | 29.5 | 42.9 |
| % change from '90 | 11.0 | 8.0 | 41.2 | 8.4 | 23.3 | 10.0 |
| 1992:1 | 594.8 | 132.8 | -240.3 | 241.2 | 32.4 | 46.2 |
| 2 | 606.2 | 134.6 | -235.6 | 247.6 | 33.6 | 47.3 |
| 3 | 618.3 | 137.2 | -220.1 | 256.3 | 35.1 | 48.7 |
| 4 | 624.3 | 140.3 | -208.4 | 260.7 | 37.2 | 49.7 |
| YEAR | 610.9 | 136.2 | -226.1 | 251.4 | 34.6 | 48.0 |
| % change from '91 | 11.2 | 12.9 | -16.2 | 12.1 | 17.3 | 11.9 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + 3.75% | Corporate After Tax Profit |
| - .15% | Comp. of Employees |
| - .14% | Average weekly earnings |
| - .20% | Personal Dispos. Income |
| - .22% | Personal Income |
| - 9.27% | Personal Savings |

FORECAST DATA POINT TO A SIGNIFICANT SLOWDOWN IN PERSONAL INCOME AND PERSONAL DISPOSABLE INCOME IN THE LAST QUARTER OF 1990 AND IN THE FIRST QUARTER OF THIS YEAR.

Resumption of the upward trend is expected to take place in the second quarter. The growth of personal income is expected to return to its more normal pace of .1-.2% monthly gains in the second half of this year.

The outlook for corporate profits in 1991 is mixed.

Strong increases in profits are expected in energy producing sectors, machinery, electronic systems, international communications, some sections of the defense industry, and health care. Motor vehicles, airline transportation, residential construction, financial services, real estate, textiles, and domestic communications are expected to experience continuous problems.

## TABLE 1.60
## INCOME

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1989* | 4384.3 | 3725.5 | 3079.0 | 172.6 | 171.8 | 431.6 |
| 1990:1* | 4562.8 | 3887.7 | 3182.4 | 167.1 | 191.3 | 434.4 |
| 2* | 4622.2 | 3925.7 | 3290.7 | 166.1 | 195.1 | 444.1 |
| 3* | 4678.5P | 3969.1 | 3374.6 | 179.4 | 160.5 | 447.0 |
| 4 | 4707.1 | 3984.4 | 3400.7 | 178.8 | 189.8 | 448.0 |
| YEAR | 4642.7 | 3941.7 | 3312.1 | 172.8 | 184.2 | 443.4 |
| % change from '89 | 5.9 | 5.8 | 7.6 | .1 | 7.2 | 2.7 |
| 1991:1 | 5001.8 | 4257.2 | 3468.3 | 176.9 | 204.8 | 450.2 |
| 2 | 4903.6 | 4145.2 | 3507.1 | 177.8 | 227.5 | 453.3 |
| 3 | 5269.0 | 4485.8 | 3584.2 | 179.4 | 231.2 | 457.2 |
| 4 | 5414.7 | 4606.2 | 3644.3 | 183.6 | 236.5 | 460.4 |
| YEAR | 5147.3 | 4373.6 | 3551.0 | 179.4 | 225.0 | 455.3 |
| % change from '90 | 10.9 | 11.0 | 7.2 | 3.8 | 22.2 | 2.7 |
| 1992:1 | 5536.8 | 4700.8 | 3750.2 | 185.6 | 239.7 | 460.2 |
| 2 | 5676.7 | 4822.9 | 3831.3 | 193.2 | 242.8 | 470.1 |
| 3 | 5813.0 | 4938.4 | 3929.6 | 196.8 | 249.3 | 476.3 |
| 4 | 5926.1 | 5041.1 | 4062.3 | 200.9 | 252.9 | 482.7 |
| YEAR | 5738.2 | 4875.8 | 3893.3 | 194.1 | 246.2 | 472.3 |
| % change from '91 | 11.5 | 11.5 | 9.6 | 8.2 | 9.4 | 3.7 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| 0.00% | Large denom. time desposits |
| - .02% | Time deposits |
| - .14% | Currency & demand deposits |
| - .17% | Mortg. at all holders |
| - .31% | Comm. & indust. loans |
| - .92% | Cons. instal. credit |

MARKETS FOR COMMERCIAL AND INDUSTRIAL LOANS, AND MORTGAGES ARE EXPECTED TO REMAIN SLUGGISH THROUGHOUT THE YEAR. Some resuscitation is predicted for 1992 and the following years.

Forecast data on money supply M1 and M2 indicate the growth of both aggregates will accelerate during the first two quarters of this year, and then to slow down somewhat in the second half of 1991.

Forecast data for consumer installment credit indicate weakness will prevail just in the first quarter of this year, mainly due to slow growth in automobile loans. The market is expected to return to normal rates of growth in the second quarter of this year and afterward.

The strongest expansion is predicted for Federal issues to prevail throughout the year.

Forecast data for the overall performance of credit markets indicate that the conditions will be getting more difficult in the second half of the year mainly for two reasons: data for world trends in interest rates point to continuous increases in rates of major countries which will stimulate more outflows of capital from the U. S. markets, and second, large issues of Federal securities will significantly divert funds from other markets, especially markets for municipal and corporate bonds.

## TABLE 1.70
## MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDICATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2,s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 785.4 | 3122.5 | 716.6 | 568.8 | 558.3 | 3528.5 |
| 1990:1* | 800.3 | 3249.3 | 720.4 | 574.3 | 549.6 | 3593.6 |
| 2* | 807.6 | 3274.5 | 724.9 | 575.9 | 535.5 | 3595.8 |
| 3* | 815.6 | 3304.3 | 735.4 | 576.2 | 523.7 | 3618.2 |
| 4 | 820.0 | 3327.2 | 741.4 | 577.4 | 534.7 | 3624.0 |
| YEAR | 810.9 | 3288.8 | 741.4 | 577.4 | 534.7 | 3624.0 |
| % change from '89 | 3.2 | 5.3 | 3.5 | 5.3 | -4.2 | 2.7 |
| 1991:1 | 829.6 | 3368.9 | 756.2 | 581.2 | 550.1 | 3670.1 |
| 2 | 836.7 | 3421.8 | 773.2 | 584.3 | 570.3 | 3684.2 |
| 3 | 843.9 | 3519.6 | 787.4 | 585.4 | 582.6 | 3760.0 |
| 4 | 851.6 | 3591.7 | 805.1 | 594.8 | 590.1 | 3790.7 |
| YEAR | 840.5 | 3475.5 | 805.1 | 594.8 | 590.1 | 3790.7 |
| % change from '90 | 3.6 | 5.7 | 8.6 | 3.0 | 10.4 | 4.6 |
| 1992:1 | 860.4 | 3635.2 | 827.1 | 593.6 | 602.4 | 3838.4 |
| 2 | 868.7 | 3697.3 | 837.5 | 594.6 | 609.8 | 3892.4 |
| 3 | 887.2 | 3764.2 | 850.4 | 598.8 | 621.4 | 3978.7 |
| 4 | 893.6 | 3812.1 | 860.3 | 609.7 | 626.2 | 4046.8 |
| YEAR | 877.5 | 3727.2 | 860.3 | 609.7 | 626.2 | 4046.8 |
| % change from '91 | 4.4 | 7.2 | 6.9 | 2.5 | 6.1 | 6.8 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

1991
FORECAST
DATA

Percent Change
from
December 1990
Forecast

| | |
|---|---|
| + .03% | 30 Year govt. bond yield |
| 0.00% | Prime Rate |
| 0.00% | S & P's 500 Avg. |
| - .03% | Conv. Mortg. Rate |
| - .05% | Aaa corp. bonds |
| - .07% | Treas. Bills 3 mo. yield |

IN THE SECOND HALF OF THE YEAR, SMALL BUT PERSISTENT INCREASES IN INTEREST RATES ARE PREDICTED.

Forecast data on interest rates in the first half of this year indicate that the Federal Reserve has not finished easing of its policy, but it is getting quite close. Though further declines are expected, they will be gradual.

KEDI forecast data call for the Federal Funds rate of slightly below 6.40, the discount rate at 6%, the prime rate at 9% at the middle of this year.

The 30 year Government bond yield is forecasted to be at around 8.1% at that time.

### TABLE 1.80
### INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1989* | 8.12 | 10.74 | 9.69 | 9.26 | 8.45 | 323.05 |
| 1990:1* | 7.76 | 10.00 | 9.76 | 9.24 | 8.35 | 336.47 |
| 2* | 7.78 | 10.00 | 9.83 | 9.34 | 8.61 | 349.63 |
| 3* | 7.49 | 10.00 | 9.80 | 9.74 | 8.80 | 344.70 |
| 4 | 7.11 | 10.00 | 9.76 | 9.50 | 8.69 | 358.62 |
| YEAR | 7.54 | 10.00 | 9.79 | 9.46 | 8.61 | 347.36 |
| % change from '89 | -7.2 | -6.9 | 1.0 | 2.1 | 1.9 | 7.5 |
| 1991:1 | 6.67 | 9.58 | 9.64 | 9.40 | 8.46 | 358.70 |
| 2 | 6.08 | 9.05 | 9.52 | 9.33 | 8.32 | 361.07 |
| 3 | 6.34 | 9.68 | 9.50 | 9.31 | 8.65 | 358.50 |
| 4 | 7.01 | 9.72 | 9.52 | 9.24 | 8.62 | 367.48 |
| YEAR | 6.53 | 9.51 | 9.54 | 9.32 | 8.51 | 361.44 |
| % change from '90 | -13.4 | -4.9 | -2.5 | -1.4 | -1.2 | 4.1 |
| 1992:1 | 7.23 | 9.84 | 9.64 | 9.32 | 8.28 | 374.31 |
| 2 | 7.54 | 10.10 | 9.79 | 9.50 | 8.29 | 378.28 |
| 3 | 7.87 | 10.42 | 10.02 | 9.63 | 8.36 | 381.42 |
| 4 | 8.06 | 10.35 | 10.46 | 10.05 | 8.57 | 384.50 |
| YEAR | 7.68 | 10.18 | 9.98 | 9.62 | 8.38 | 379.63 |
| % change from '91 | 17.6 | 7.0 | 4.5 | 3.3 | -1.6 | 5.0 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue the Index of Consumer Price Index for 1990:4 has been selected for comparison. Forecast data have been published in *The Journal of Business Forecasting Methods & Systems*, Winter 1989-90, pp. 39 and 41. Actual figure has been calculated as the three months average of monthly data releasted by the U. S. Department of Labor.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Consumer Price Index
(1990:4)
Actual figure: 113.7

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Ameritrust, OH | 12/89 | 131.0 | - 1.3 |
| Fidelity, Philadelphia, PA | 12/89 | 132.7 | - .8 |
| First National of Chicago, IL | 12/89 | 131.5 | - 1.0 |
| First National Bank, Providence | 12/89 | 131.3 | - 1.8 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 131.1 | - 2.0 |
| Manufacturers Hanover Trust, NY | 12/89 | 129.6 | - 3.1 |
| Marine Midland, NY | 12/89 | 132.1 | - 1.2 |
| Morgan Guaranty Trust Co., NY | 12/89 | 131.8 | - 1.5 |
| National City Bank, OH | 12/89 | 131.6 | - 1.6 |
| Shawmut of Boston, MA | 12/89 | 131.3 | - 1.8 |
| Society National Bank, OH | 12/89 | 130.8 | - 2.2 |
| Valley National Bank, AR | 12/89 | 131.4 | - 1.8 |
| Wells Fargo Banka, CA | 12/89 | 131.3 | - 1.8 |
| The Equitable Life, NY | 12/89 | 131.8 | - 1.5 |
| Metropolitan Life, NY | 12/89 | 131.2 | - 1.9 |
| Shearson Lehman, NY | 12/89 | 129.0 | - 3.6 |
| K.E.D.I., Inc, | 12/89 | 131.4 | - 1.8 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin**, FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production**, G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

TABLE 3.00

HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

TABLE 3.00

HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

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# KEDI ECONOMIC SURVEY

February 1991

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SOURCES:

The U. S. Department of Commerce, first estimates of 1990:4, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, February 1991.

The latest available data on prices, employment, industrial and financial developments.

---

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

---

### Real Growth

Indicators of likely developments in coming months, taken together, show that the economy has begun to stabilize.

### Prices

Though the consumer prices advanced by .4% in January, the inflation at the retail price level was not as bad as it seemed.

### Employment & Labor

According to the Commissioner of Labor Statistics, 70,000 jobs were lost in manufacturing, and 155,000 in construction.

### Housing

Housing starts in January ran at a seas. adj. rate of 850,000, down from 975,000 in December.

### Automobiles

January car sales were down by 27.8% from the year earlier, and early February data point to a continuous slump in car sales.

### Budgets

The Administration's forecast for this fiscal year calls for a budget deficit of $318 bil., and almost zero in FY 1995.

### Income

Data indicate that Personal Income is expected to increase by approximately 9% this year, and Personal Disposable Income by 9.3%.

### Money & Credit

There are increasing signs that the current economic decline is bottoming out or has already reach the bottom.

### Interest Rates, Yields & Securities Prices

Data indicate that in 1991:3 interest rates will stabilize, and resume a gradual trend upwards in 1991:4 and afterward.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with China, the USSR, and East Europe will expand in 1991 and following years | January 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the February 1991 KEDI forecast. | |
| * | Growth will slow down in the first half of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the first half of 1991 interest rates will be declining slightly. | December 1990 |
| * | Federal budget deficits will keep declining in 1992 and the following years. | October 1990 |
| * | The 1990 export-import gap will start closing to a more acceptable level in 1991 and afterward. | October 1990 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1989, 1990 and 1991 are on pages indicated below.

| Indicator | Unit | 1989 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4117.7 | 4406.9 | 4530.3 | 4670.7 |
| product, p. 5 | % change | 2.9 | 2.7 | 2.8 | 3.1 |
| Index of indust. | 1977=100 | 108.1 | 116.5 | 120.4 | 124.5 |
| prod., p. 5 | % change | 3.3 | 2.5 | 3.3 | 3.4 |
| Capacity | % | 84.0 | 83.9 | 83.4 | 82.8 |
| utiliz., p. 5 | % change | .6 | .2 | -.6 | -.8 |
| Unemployment | % | 5.2 | 5.5 | 5.5 | 5.4 |
| rate, p. 5 | % change | -4.6 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.4 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -5.8 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 10.1 | 10.6 | 10.9 | 11.3 |
| p. 5 | % change | -5.2 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 126.3 | 153.6 | 159.3 | 164.5 |
| price def.,p.11 | % change | 4.4 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 1967=100 | 124.0 | 149.0 | 154.3 | 160.2 |
| Index, p. 11 | % change | 4.7 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1967=100 | 113.5 | 143.7 | 149.5 | 155.3 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -145.7 | -173.0 | -137.7 | -111.7 |
| p. 21 | % change | -1.5 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4384.3 | 6137.2 | 6603.6 | 7145.1 |
| p. 23 | % change | 9.0 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.7 | 9.8 | 10.5 | 11.3 |
| p. 27 | % change | 14.4 | -2.0 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.6 | 10.2 | 10.5 | 10.3 |
| p. 27 | % change | 10.0 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 782.7 | 932.7 | 988.7 | 1049.0 |
| deposits , p. 25 | % change | 1.3 | 5.4 | 6.0 | 6.1 |
| Commercial+ind. | bil. $ | 564.3 | 579.5 | 596.3 | 610.1 |
| loans, p. 25 | % change | 5.3 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 91.2 | 94.1 | 95.1 | 94.9 |
| production | % change | -.9 | -.7 | 1.1 | -.2 |
| Electric power | mil.kw-hr | 2864 | 3032.4 | 3147.6 | 3276.7 |
| production | % change | 3.1 | 3.5 | 3.8 | 4.1 |
| Bituminous coal | mil.sh.tons | 941 | 986 | 998.8 | 1013.8 |
| production | % change | 1.2 | 1.0 | 1.3 | 1.5 |
| Crude oil | avg. daily bbl. | 3002 | 3142 | 3173.7 | 3202.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2242.0 | 2401.2 | 2576.5 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

1991
FORECAST
DATA

Percent Change
from
January 1991
Forecast

| | | |
|---|---|---|
| + | .41% | Unemployment |
| - | .06% | Capacity Util. |
| - | .09% | GNP |
| - | .18% | Index Indust. Prod. |
| - | .26% | Autos |
| - | 1.58% | Private Housing Starts |

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES
## 1.11 REAL GROWTH

See Table 1.11
Page 5

DATA FOR DECEMBER 1990, JANUARY OF THIS YEAR AND EARLY RELEASES FOR FEBRUARY INDICATE THAT DECLINES IN ECONOMY ACTIVITY ARE SLOWING DOWN AND POINT TO THE NEXT TWO MONTHS AS THE MOST LIKELY TIME WHEN THE ECONOMY WILL REACH THE BOTTOM AND WILL START THE RECOVERY PHASE.

* In December, construction spending slid by only .5% compared to the 1.5% decline in November.
* In January, export orders reached their record height.
* In January, business inventories continued to decline. The current extremely low level of business inventories indicates the possible upward trend in purchases and sales coming relatively soon--in the second quarter of this year.
* In January, the unemployment rate rose by only .1%--from 6.1% in December 1990 to 6.2%.
* In December, factory orders remained at approximately same level as in November. Military orders were up 59.8%, while civilian orders declined. Orders for durable goods advanced.
* January orders for durables increased by 4.4% compared to the December 1990 level.
* Index of leading indicators for December increased by .1%.
* January retail sales dropped only marginally when compared to those in December.

All these indicators of likely developments in coming months, taken together, show that the economy has begun to stabilize.

## TABLE 1.11
## SELECTED INDICATORS I.

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unem- ploy ment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 108.1 | 5.29 | 84.0 | 1.376 | 9.9 |
| 1990:1* | 4150.6 | 108.0 | 5.26 | 82.6 | 1.440 | 9.7 |
| 2* | 4155.1 | 109.4 | 5.29 | 82.6 | 1.196 | 9.6 |
| 3* | 4170.0 | 109.7 | 5.59 | 82.1 | 1.047 | 10.0 |
| 4 | 4147.6 | 108.1 | 5.91 | 80.9 | 1.041 | 9.8 |
| YEAR | 4155.8 | 108.8 | 5.51 | 82.0 | 1.2 | 9.8 |
| % change from '89 | .9 | .6 | 4.2 | -2.3 | -14.2 | -1.3 |
| 1991:1 | 4142.1 | 107.9 | 6.36 | 80.0 | .908 | 9.6 |
| 2 | 4157.3 | 109.2 | 6.28 | 80.6 | 1.035 | 9.8 |
| 3 | 4189.4 | 110.1 | 6.01 | 82.1 | 1.647 | 10.2 |
| 4 | 4201.3 | 111.5 | 5.87 | 82.8 | 1.179 | 10.4 |
| YEAR | 4172.5 | 109.7 | 6.13 | 81.4 | 1.192 | 10.0 |
| % change from '90 | .4 | .8 | 11.2 | -.8 | 1.0 | 2.3 |
| 1992:1 | 4249.3 | 112.0 | 5.65 | 83.1 | 1.139 | 9.4 |
| 2 | 4272.5 | 113.2 | 5.37 | 83.7 | 1.230 | 10.2 |
| 3 | 4304.6 | 114.5 | 5.48 | 84.0 | 1.344 | 10.8 |
| 4 | 4337.8 | 115.0 | 5.29 | 84.3 | 1.248 | 10.7 |
| YEAR | 4291.1 | 113.7 | 5.45 | 83.8 | 1.240 | 10.3 |
| % change from '91 | 2.8 | 3.6 | -11.1 | 2.9 | 4.0 | 2.8 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

THE OUTLOOK FOR RETAIL SALES IN 1991 AND BEYOND IS POSITIVE.

January retail sales figures were down by only .1% when compared to the December 1990 figure. The decline was due mainly to weak car sales. After excluding car sales, the rest of January sales remained unchanged from the December figure. This means that sales were significantly stronger--sales of nondurable items rose .1%, despite the lower sales due to cheaper gasoline prices.

KEDI forecast indicates that retail sales will be back to normal in the seond half of the year. The main factors contributing to the recovery of retail sales are expected to be low interest rates and the return of consumer confidence, pronounced mainly in higher demand for consumer durables: motor vehicles and housing-related items.

Detailed forecast points to sales of apparel and footwear to be the weakest items throughout the year.

1991
FORECAST
DATA

Percent Change
from
January 1991
Forecast

| | |
|---|---|
| - .05% | Retail Sales Nondurable |
| - .16% | Pers. Con. Expend. Nondurable |
| - .31% | Retail Sales Total |
| - .48% | Pers. Con. Expend. Services |
| - .74% | Retail Sales Durable |
| - .87% | Pers. Con Expend. Durable |

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| | *--Personal Cons. Expend.-** | | | ------Retail Sales-------* | | |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1989* | 474.6 | 1130.0 | 1845.5 | 1733.7 | 645.6 | 1088.2 |
| 1990:1* | 492.1 | 1174.7 | 1921.3 | 1796.4 | 663.6 | 1135.8 |
| 2* | 478.4 | 1179.0 | 1965.3 | 1799.3 | 689.4 | 1109.9 |
| 3* | 482.3 | 1205.0 | 2006.2 | 1801.2 | 694.1 | 1122.1 |
| 4 | 473.5 | 1218.3 | 2037.9 | 1802.1 | 672.2 | 1129.9 |
| YEAR | 481.6 | 1194.2 | 1982.7 | 1799.8 | 679.8 | 1124.4 |
| % change from '89 | 1.5 | 5.7 | 7.4 | 3.8 | 5.3 | 3.3 |
| 1991:1 | 460.2 | 1235.1 | 2184.2 | 1800.3 | 644.1 | 1156.2 |
| 2 | 483.4 | 1250.7 | 1994.9 | 1862.5 | 662.7 | 1186.5 |
| 3 | 518.5 | 1279.9 | 2265.4 | 1914.5 | 701.2 | 1213.3 |
| 4 | 533.2 | 1301.4 | 2299.4 | 1961.3 | 742.1 | 1219.2 |
| YEAR | 498.8 | 1266.8 | 2185.9 | 1884.7 | 687.5 | 1193.8 |
| % change from '90 | 3.6 | 6.1 | 10.3 | 4.7 | 1.1 | 6.2 |
| 1992:1 | 548.2 | 1319.1 | 2348.9 | 1994.5 | 752.3 | 1242.2 |
| 2 | 560.7 | 1344.1 | 2390.3 | 2051.4 | 778.5 | 1272.9 |
| 3 | 580.4 | 1389.2 | 2424.0 | 2108.3 | 809.4 | 1298.9 |
| 4 | 590.4 | 1416.6 | 2504.6 | 2164.9 | 828.5 | 1336.4 |
| YEAR | 569.9 | 1367.2 | 2416.9 | 2079.8 | 792.2 | 1287.6 |
| % change from '91 | 14.3 | 7.9 | 10.6 | 10.4 | 15.2 | 7.9 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

PRELIMINARY DATA FOR THE 1990:4 GNP SHOW THAT IT DECLINED BY 2.1% OR $22.4 BIL. IN THE THIRD QUARTER, IT INCREASED BY 1.4%, OR $14.9 BIL.

The fourth quarter decline in GNP was caused mainly by the drop in output of motor vehicles, general decline in business inventories, and a weak performance in housing starts.

So far, the deployment of armed forces in Persian Gulf has not had a significant impact on real GNP in 1990:4: military spending in 1990:4 increased from 1990:3 of $346.0 bil. 82$ $361.1 bil. 82$ in military purchases overseas which are reflected in imports.

1991
FORECAST
DATA

Percent Change
from
January 1991
Forecast

| | |
|---|---|
| + .18% | State Local Purch. |
| - .01% | Pers. Cons. Expend. |
| - .09% | GNP |
| - .20% | Federal Govt. Purch. |
| - 1.48% | Gross Private Dom. Inv. |
| -14.72% | Net Exports |

## TABLE 1.13
## REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----------Gross National Product | | | | ---------------* | |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 2656.8 | 716.9 | -54.1 | 334.9 | 463.2 |
| 1990:1* | 4150.6 | 2667.3 | 700.7 | -35.4 | 333.0 | 475.0 |
| 2* | 4155.1 | 2678.8 | 700.7 | -44.6 | 345.9 | 474.3 |
| 3* | 4170.0 | 2696.8 | 697.0 | -46.5 | 346.0 | 476.7 |
| 4 | 4147.6 | 2675.9 | 662.8 | -23.6 | 351.1 | 481.4 |
| YEAR | 4155.8 | 2682.2 | 690.3 | -37.5 | 344.0 | 476.9 |
| % change from '89 | .9 | 1.0 | -3.7 | -30.6 | 2.7 | 2.9 |
| 1991:1 | 4142.1 | 2678.9 | 654.3 | -30.1 | 356.4 | 482.6 |
| 2 | 4157.3 | 2686.2 | 660.3 | -36.7 | 364.2 | 483.3 |
| 3 | 4189.4 | 2701.4 | 670.2 | -39.8 | 370.2 | 487.4 |
| 4 | 4201.3 | 2697.6 | 675.3 | -35.3 | 373.5 | 490.2 |
| YEAR | 4172.5 | 2691.0 | 665.0 | -35.5 | 366.1 | 485.9 |
| % change from '90 | .4 | .3 | -3.7 | -5.5 | 6.4 | 1.9 |
| 1992:1 | 4249.3 | 2730.9 | 680.5 | -30.2 | 375.4 | 492.7 |
| 2 | 4272.5 | 2738.4 | 688.4 | -28.1 | 377.1 | 496.7 |
| 3 | 4304.6 | 2737.9 | 707.4 | -24.3 | 379.3 | 504.3 |
| 4 | 4337.8 | 2761.0 | 710.7 | -23.1 | 381.5 | 507.7 |
| YEAR | 4291.1 | 2742.1 | 696.8 | -26.4 | 378.3 | 500.4 |
| % change from '91 | 2.8 | 1.9 | 4.8 | -25.5 | 3.3 | 3.0 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

THOUGH THE CONSUMER PRICES ADVANCED BY .4% IN JANUARY, THE INFLATION AT THE RETAIL PRICE LEVEL WAS NOT AS BAD AS IT SEEMED.

Much of the increase reflected the imposition of luxury and other taxes on January 1, and jump in prices of some new cars, the biggest increase since May 1981, not likely to repeat again.

KEDI forecast for the consumer price level sticks at around 5.1%, more pessimistic than the recent Alan Greenspan's, the Fed chairman prediction of 3.2-4.0% rise this year.

Forecast of producer prices call for moderate upward trend throughout the year, mainly due to the expected stable prices of raw materials in world markets..

1991
FORECAST
DATA

Percent Change
from
January 1991
Forecast

| | |
|---|---|
| + .06% | Consumer Price Index |
| - .02% | Producer Price Index |
| - .07% | State Local Purch. |
| - .16% | Federal Govt. Purch. |
| - .46% | Pers. Cons. Expend. |
| - .49% | GNP |

TABLE 1.21
PRICES
Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1989* | 124.0 | 113.6 | 126.3 | 126.3 | 119.4 | 135.1 |
| 1990:1* | 128.0 | 117.4 | 129.5 | 134.0 | 123.3 | 138.9 |
| 2* | 129.3 | 117.5 | 131.0 | 135.2 | 122.0 | 140.1 |
| 3* | 132.4 | 120.5 | 132.2 | 137.0 | 123.0 | 142.0 |
| 4* | 134.2 | 123.7 | 133.1 | 139.3 | 124.9 | 144.2 |
| YEAR | 131.0 | 119.8 | 131.4 | 136.4 | 123.3 | 141.3 |
| % change from '89 | 5.6 | 5.4 | 4.1 | 8.0 | 3.3 | 4.6 |
| 1991:1 | 136.7 | 123.4 | 137.7 | 144.8 | 127.5 | 147.1 |
| 2 | 137.4 | 126.8 | 134.1 | 138.8 | 129.2 | 147.8 |
| 3 | 138.1 | 129.2 | 141.8 | 150.4 | 130.1 | 149.6 |
| 4 | 139.4 | 132.6 | 143.9 | 153.2 | 130.8 | 151.3 |
| YEAR | 137.9 | 128.0 | 139.4 | 146.8 | 129.4 | 148.9 |
| % change from '90 | 5.3 | 6.9 | 6.0 | 7.7 | 4.9 | 5.4 |
| 1992:1 | 141.0 | 134.0 | 145.0 | 154.4 | 132.2 | 152.2 |
| 2 | 142.8 | 136.1 | 146.8 | 156.8 | 133.1 | 154.0 |
| 3 | 144.0 | 138.1 | 148.9 | 160.5 | 134.8 | 154.8 |
| 4 | 146.8 | 139.8 | 151.1 | 163.4 | 135.0 | 157.1 |
| YEAR | 143.7 | 137.0 | 147.9 | 158.8 | 133.8 | 154.5 |
| % change from '91 | 4.2 | 7.0 | 6.2 | 8.1 | 3.4 | 3.7 |

*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
January 1991
Forecast

| | |
|---|---|
| + 7.42% | Net Exports |
| + .13% | State Local Purch. |
| - .38% | Federal Govt. Purch. |
| - .43% | Pers. Cons. Expend. |
| - .56% | GNP |
| - 1.56% | Gross Private Dom. Inv. |

THE U.S. DEPARTMENT OF COMMERCE FIRST ESTIMATE OF NOMINAL GNP IN 1990:4 SHOWS GNP HAS INCREASED BY A SMALL AMOUNT OF $4.3 BIL. ATTRIBUTED TO PRICE INCREASES.

In 1990:4, main declines took place in consumer spending on durables (notably motor vehicles), nondurables (food, clothing and shoes), fixed investment in nonresidential and residential structures, and business inventories.

These declines were partly offset by government defense spending.

Compared to 1990:3, exports rose sharply but were significantly offset by strong gains in imports of petroleum and nonpetroleum products, resulting in record deterioration of net exports: $-55.9 bil. compared to $-46.1 bil. 1989 and $-35.3 bil. in 1989:4.

TABLE 1.22
NOMINAL GNP
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----------Gross National Product | | | | | ---------------* |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 5200.8 | 3450.1 | 771.2 | -46.1 | 400.0 | 625.6 |
| 1990:1* | 5375.4 | 3588.1 | 747.2 | -30.0 | 410.6 | 659.6 |
| 2* | 5443.3 | 3622.7 | 759.0 | -24.9 | 421.9 | 664.6 |
| 3* | 5512.7 | 3693.4 | 759.7 | -41.3 | 426.5 | 677.0 |
| 4 | 5520.5 | 3729.7 | 714.0 | -55.9 | 438.5 | 694.2 |
| YEAR | 5463.0 | 3658.5 | 745.0 | -38.0 | 424.4 | 673.8 |
| % change from '89 | 5.0 | 6.0 | -3.4 | -17.5 | 6.1 | 7.7 |
| 1991:1 | 5703.7 | 3879.5 | 710.2 | -50.3 | 454.4 | 709.9 |
| 2 | 5574.9 | 3729.0 | 714.3 | -53.2 | 470.5 | 714.3 |
| 3 | 5940.6 | 4063.8 | 720.7 | -54.7 | 481.6 | 729.2 |
| 4 | 6045.7 | 4134.0 | 731.1 | -49.6 | 488.5 | 741.7 |
| YEAR | 5816.2 | 3951.5 | 719.1 | -52.0 | 473.8 | 723.8 |
| % change from '90 | 6.5 | 8.0 | -3.5 | 36.6 | 11.6 | 7.4 |
| 1992:1 | 6161.5 | 4216.2 | 740.5 | -41.4 | 496.3 | 749.9 |
| 2 | 6272.0 | 4295.1 | 746.4 | -36.3 | 501.9 | 764.9 |
| 3 | 6409.5 | 4393.6 | 754.6 | -30.6 | 511.3 | 780.7 |
| 4 | 6554.4 | 4511.6 | 760.7 | -30.5 | 515.0 | 797.6 |
| YEAR | 6349.4 | 4354.1 | 750.5 | -34.7 | 506.1 | 773.3 |
| % change from '91 | 9.2 | 10.2 | 4.4 | -33.2 | 6.8 | 6.8 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

### 1991 FORECAST DATA

Percent Change from January 1991 Forecast

| | |
|---|---|
| + .41% | Unemployment |
| 0.00% | Agriculture |
| - .02% | Population |
| - .32% | Total Employed |
| - .33% | Non Agriculture |
| - .34% | Civilian Labor Force |

IN JANUARY, UNEMPLOYMENT ROSE TO 6.2%, AND, ACCORDING TO JANET L. NORWOOD, THE COMMISSIONER OF LABOR STATISTICS, 70 THOUSAND JOBS WERE LOST IN MANUFACTURING, AND 155 THOUSAND IN CONSTRUCTION.

However, the picture of the labor market is not as bleak as some economists believe:

* The last time when the 6.2% unemployment rate was reported, was in the middle of 1986, which was the time of booming economy.

* The increase in unemployment rate from 5.6% in the middle of last year to the present 6.2% is just half the increase posted during the first seven months of the 1981-1982 recession.

Forecast data indicate the jobless rate will not further increase significantly in coming months. in 1991:2, the joblessness in durable manufacturing and construction are expected to remain flat, and will be gradually declining in some hardest-hit services industries, notably in the airlines industry. Employment in health-care and related industries is expected to continue gaining in coming months and afterward.

## TABLE 1.30
## EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Population | Civil. labor force | *-------Employment-------* Total | Agricult. | Nonagric. | Unemployment rate |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1989* | 258.1 | 123.9 | 117.3 | 3.2 | 114.1 | 5.29 |
| 1990:1* | 259.4 | 124.6 | 118.0 | 3.2 | 114.8 | 5.26 |
| 2* | 260.3 | 124.9 | 118.2 | 3.2 | 115.0 | 5.29 |
| 3* | 261.3 | 125.9 | 118.9 | 3.2 | 115.7 | 5.59 |
| 4 | 262.4 | 124.9 | 117.5 | 3.2 | 114.3 | 5.91 |
| YEAR | 260.9 | 125.1 | 117.2 | 3.2 | 114.0 | 5.51 |
| % change from '89 | 1.1 | .9 | .9 | 0.0 | -.1 | 4.2 |
| 1991:1 | 263.4 | 125.6 | 117.6 | 3.2 | 114.4 | 6.36 |
| 2 | 264.5 | 126.7 | 118.7 | 3.2 | 115.5 | 6.28 |
| 3 | 265.1 | 127.5 | 119.8 | 3.2 | 116.6 | 6.01 |
| 4 | 266.4 | 128.0 | 120.5 | 3.2 | 117.3 | 5.87 |
| YEAR | 264.9 | 127.0 | 119.2 | 3.2 | 116.0 | 6.13 |
| % change from '90 | 1.5 | 1.5 | 1.3 | 0.0 | 1.7 | 11.20 |
| 1992:1 | 267.3 | 128.4 | 121.1 | 3.2 | 117.9 | 5.65 |
| 2 | 268.4 | 129.5 | 122.5 | 3.2 | 119.3 | 5.37 |
| 3 | 269.2 | 130.0 | 122.9 | 3.2 | 119.7 | 5.48 |
| 4 | 269.2 | 130.6 | 123.7 | 3.2 | 120.5 | 5.29 |
| YEAR | 268.5 | 129.6 | 122.6 | 3.2 | 119.4 | 5.45 |
| % change from '91 | 1.4 | 2.1 | 2.3 | 0.0 | 2.9 | -11.13 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change
from
January 1991
Forecast

| | |
|---|---|
| - .10% | 1-family housing new |
| - .20% | Permits Issued |
| - .21% | 1-family housing existing |
| - .48% | Single family housing starts |
| - .88% | Multiple family housing starts |
| - 2.05% | Mobile home shipments |

IN JANUARY, HOUSING STARTS RAN AT A SEASONALLY ADJUSTED RATE OF 850 THOUSAND, DOWN FROM 975 THOUSAND IN DECEMBER AND NEARLY HALF OF THE 1.5 MIL. IN JANUARY 1990.

Single-family housing accounted for the most of the decline falling 15.6%, the lowest since June 1982 when 613 thousand started.

However, from these gloomy figures, some signs of revival are expected to appear in coming months, due mainly to lower interest rates, and restoration of confidence.

Recent survey conducted by the Home Builders Association has shown 42% of builders experiencing "high to average" traffic in their companies, up from 24% who ranked that traffic that high a month earlier.

Also, the most recent data show a faster rate of sales of existing homes and increasing affordability of housing over the last six months.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1989* | 1.003 | .373 | .198 | 1.338 | 148.5 | 118.0 |
| 1990:1* | 1.083 | .357 | .229 | 1.416 | 155.3 | 120.1 |
| 2* | .893 | .303 | .191 | 1.097 | 154.6 | 118.4 |
| 3* | .878 | .269 | .174 | .986 | 159.0 | 118.1 |
| 4 | .840 P | .201 P | .170 P | .968 | 160.1 | 119.6 |
| YEAR | .923 | .282 | .191 | 1.117 | 157.2 | 119.0 |
| % change from '89 | -7.9 | -24.3 | -3.5 | -16.5 | 5.9 | .9 |
| 1991:1 | .704 | .204 | .176 | .764 | 161.1 | 120.5 |
| 2 | .786 | .249 | .188 | .961 | 162.5 | 122.6 |
| 3 | .865 | .294 | .200 | .992 | 170.8 | 124.5 |
| 4 | .902 | .277 | .209 | 1.047 | 172.2 | 127.3 |
| YEAR | .814 | .256 | .193 | .941 | 166.7 | 123.7 |
| % change from '90 | -11.8 | -9.4 | 1.2 | -15.7 | 6.0 | 3.9 |
| 1992:1 | .865 | .274 | .204 | .978 | 173.6 | 130.3 |
| 2 | .931 | .299 | .220 | 1.046 | 177.5 | 133.4 |
| 3 | .998 | .346 | .239 | 1.270 | 180.2 | 136.9 |
| 4 | .932 | .316 | .201 | 1.128 | 190.3 | 142.3 |
| YEAR | .931 | .309 | .216 | 1.105 | 180.4 | 135.7 |
| % change from '91 | 14.4 | 20.6 | 11.8 | 17.5 | 8.3 | 9.7 |

*Historical data. R = Revised. P = Preliminary.

**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1991 FORECAST DATA

Percent Change from January 1991 Forecast

| | |
|---|---|
| + .86% | Imported Car Sales |
| + .74% | Domestic Car Sales |
| 0.00% | Dealer Inventory |
| - .26% | Total Car Sales |
| - .37% | Shipments |
| - 1.79% | Light Truck Sales |

JANUARY CAR SALES WERE DOWN BY 27.8% FROM THE YEAR EARLIER, AND EARLY FEBRUARY DATA POINT TO A CONTINUOUS SLUMP IN CAR SALES. At the beginning of February, inventories of US-built light trucks were up to 115 days of supply compared to 74 days at the beginning of February.

The outlook for this year is not as bad, as the January and February data would indicate:

* The January 27.8% drop in sales has been compared to unusually strong sales in January 1990

* The pent-up demand for cars is getting stronger. The record number of cars sold in 1985-1987 are increasingly ripe for trade

* With the anticipated end of hositilities in the Middle East, it is expected that consumers' confidence will return quickly to pre-war levels.

KEDI forecast indicates that car sales and production will return to more normal levels in the second half of this year. For the year, the forecast calls for 13.6 mil. cars and light trucks sold, slightly below last year's level, and compared to the optimistic forecast of the National Automobile Dealers Association prediction of 13.8 mil. cars.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1989* | 9.9 | 7.1 | 2.8 | 1.7 | 7.2 | 4.1 |
| 1990:1* | 9.7 | 6.7 | 3.0 | 1.5 | 6.5 | 4.0 |
| 2* | 9.6 | 6.8 | 2.8 | 1.5 | 6.9 | 4.4 |
| 3* | 10.0 | 7.0 | 3.0 | 1.6 | 7.0 | 4.2 |
| 4 | 9.7 P | 6.9 P | 2.9 | 1.7 | 6.7 | 3.9 P |
| YEAR | 9.8 | 6.8 | 2.9 | 1.7 | 6.8 | 4.1 |
| % change from '89 | -1.3 | -3.5 | 4.5 | 0.0 | -5.9 | .6 |
| 1991:1 | 9.5 | 6.9 | 2.7 | 1.6 | 6.4 | 4.0 |
| 2 | 9.8 | 7.1 | 2.7 | 1.6 | 6.9 | 4.2 |
| 3 | 10.2 | 7.3 | 2.9 | 1.7 | 7.1 | 4.5 |
| 4 | 10.4 | 7.5 | 2.9 | 1.7 | 7.0 | 4.3 |
| YEAR | 10.0 | 7.2 | 2.8 | 1.7 | 6.8 | 4.2 |
| % change from '90 | 2.3 | 6.6 | -4.3 | 0.0 | 1.1 | 3.0 |
| 1992:1 | 9.4 | 6.4 | 3.0 | 1.7 | 7.3 | 4.2 |
| 2 | 10.2 | 7.1 | 3.1 | 1.7 | 7.4 | 4.7 |
| 3 | 10.8 | 7.7 | 3.1 | 1.8 | 7.5 | 4.7 |
| 4 | 10.7 | 7.5 | 3.2 | 1.8 | 7.3 | 4.6 |
| YEAR | 10.3 | 7.2 | 3.1 | 1.8 | 7.4 | 4.5 |
| % change from '91 | 2.8 | -8.0 | 10.7 | 5.9 | 7.7 | 7.1 |

---

*Historical data. R = Revised. P = Preliminary.

**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

### 1991 FORECAST DATA

Percent Change from January 1991 Forecast

| | |
|---|---|
| + 7.73% | Federal Surplus Deficit |
| + .58% | State Surplus Deficit |
| + .10% | State Corp. Tax Accrued |
| + .01% | Federal Income Tax |
| - .07% | Corporate Profit Tax Accrued |
| - .15% | State Income Tax |

CURRENTLY, THE ADMINISTRATION'S FORECAST FOR THIS FISCAL YEAR CALLS FOR A BUDGET DEFICIT OF $318 BIL., AND ALMOST ZERO DEFICIT IN FY 1995.

KEDI forecast of Federal Budget deficits differs significantly from that presently recently by the Administration, neither for coming fiscal year 1992 (starting October 1, 1991), nor for FY 1996 when the Administration believes the Federal Budget deficit will be eliminated.

KEDI Forecast Data on Fiscal Year Deficits

| FY | Bil. $ |
|---|---|
| 1991 (current) | 352 bil |
| 1992 | 270 bil |
| 1993 | 190 bil |
| 1994 | 106 bil |
| 1995 | 88 bil |
| 1996 | 64 bil |

### TABLE 1.50
### FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| | *-----FEDERAL | ----------* | | *---STATE AND LOCAL | ----* | |
|---|---|---|---|---|---|---|
| INDICATOR | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 464.0 | 110.4 | -134.3 | 194.3 | 24.7 | 46.4 |
| 1990:1* | 473.6 | 106.5 | -168.3 | 201.5 | 23.3 | 38.1 |
| 2* | 492.1 | 109.2 | -166.0 | 204.4 | 23.9 | 38.6 |
| 3 | 504.3 P | 119.2 P | -212.4 P | 209.8 P | 24.2 P | 39.5 P |
| 4 | 510.5 P | 112.0 P | -276.8 P | 210.3 P | 24.3 P | 40.7 P |
| YEAR | 495.1 | 111.7 | -205.9 | 206.5 | 23.9 | 39.2 |
| % change from '89 | 6.7 | 1.2 | 53.3 | 6.3 | -3.1 | -15.5 |
| 1991:1 | 531.6 | 110.4 | -328.5 | 217.4 | 26.5 | 41.2 |
| 2 | 548.1 | 116.0 | -349.8 | 222.6 | 29.0 | 42.2 |
| 3 | 565.6 | 125.3 | -290.5 | 226.8 | 30.4 | 43.6 |
| 4 | 583.8 | 130.4 | -257.8 | 234.7 | 31.9 | 45.7 |
| YEAR | 557.3 | 120.5 | -306.6 | 225.4 | 29.4 | 43.2 |
| % change from '90 | 12.6 | 7.9 | 48.9 | 9.1 | 23.1 | 10.1 |
| 1992:1 | 607.8 | 134.9 | -226.4 | 242.3 | 32.8 | 46.2 |
| 2 | 616.9 | 137.5 | -205.7 | 247.6 | 33.6 | 47.3 |
| 3 | 628.7 | 141.9 | -220.6 | 256.3 | 35.4 | 48.7 |
| 4 | 634.5 | 150.7 | -190.2 | 260.7 | 37.2 | 49.7 |
| YEAR | 622.0 | 141.2 | -210.7 | 251.7 | 34.8 | 48.0 |
| % change from '91 | 11.6 | 17.2 | -31.3 | 11.7 | 18.0 | 11.1 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

### 1991 FORECAST DATA

Percent Change from January 1991 Forecast

| | |
|---|---|
| + .01% | Average Weekly Earnings |
| - .07% | Comp. of Employees |
| - .14% | Corporate After Tax Profit |
| - .49% | Personal Income |
| - .56% | Personal Dispos. Income |
| - 3.58% | Personal Savings |

DATA INDICATE THAT PERSONAL INCOME IS EXPECTED TO INCREASE BY APPROXIMATELY 9% THIS YEAR, AND PERSONAL DISPOSABLE INCOME BY 9.3%.

Despite the current slump in many segments of the economy, the forecast calls for fairly reasonable gains in Personal Income, Personal Disposable Income and its components.

Forecast of corporate profits is not as favorable when compared to data in personal income. Corporate after-tax profits are expected to increase by approximately 4% this year over the last year. However, significant differences in profits in various industries will persist. For 1991, largest increases in profits are expected to take place in electronics, medical supplies, medical services, semiconductors, aircraft and space, steel, rubber and plastics, and paper. On the other side of the coin are forest products, nonferrous metals, electrical and telephone utilities, home building, containers, motor vehicles, textile and apparel, footwear, air transportation, and containers industries.

TABLE 1.60
INCOME
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1989* | 4384.3 | 3725.5 | 3079.0 | 172.6 | 171.8 | 431.6 |
| 1990:1* | 4562.8 | 3887.7 | 3182.4 | 167.1 | 191.3 | 434.4 |
| 2* | 4622.2 | 3925.7 | 3290.7 | 166.1 | 195.1 | 444.1 |
| 3* | 4678.5 | 3969.1 | 3374.6 | 179.4 | 160.5 | 447.0 |
| 4 | 4614.0 | 3893.2 | 3391.2 | 177.6 | 163.5 | 448.2 |
| YEAR | 4619.4 | 3918.9 | 3309.7 | 172.6 | 177.6 | 443.4 |
| % change from '89 | 5.4 | 5.2 | 7.5 | -.0 | 3.4 | 2.7 |
| 1991:1 | 5004.5 | 4255.5 | 3440.2 | 176.8 | 168.8 | 448.2 |
| 2 | 4891.5 | 4120.8 | 3465.1 | 177.1 | 182.4 | 450.3 |
| 3 | 5271.0 | 4478.6 | 3544.2 | 179.4 | 201.2 | 457.2 |
| 4 | 5385.7 | 4567.2 | 3600.4 | 182.9 | 216.5 | 460.4 |
| YEAR | 5138.1 | 4355.5 | 3512.5 | 179.1 | 192.2 | 454.0 |
| % change from '90 | 11.2 | 11.1 | 6.1 | 3.8 | 8.2 | 2.4 |
| 1992:1 | 5516.4 | 4666.3 | 3721.7 | 180.1 | 229.7 | 464.2 |
| 2 | 5618.9 | 4754.4 | 3801.3 | 190.3 | 232.8 | 468.7 |
| 3 | 5750.3 | 4865.3 | 3889.6 | 194.8 | 240.3 | 472.3 |
| 4 | 5886.8 | 4991.6 | 4002.3 | 196.9 | 242.2 | 482.7 |
| YEAR | 5693.1 | 4819.4 | 3853.7 | 190.5 | 236.2 | 472.0 |
| % change from '91 | 10.8 | 10.7 | 9.7 | 6.4 | 22.9 | 4.0 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
January 1991
Forecast

| | |
|---|---|
| 0.00% | Time deposits |
| 0.00% | Large denom. time deposits |
| - .04% | Cons. instal. credit |
| - .06% | Currency & demand deposits |
| - .07% | Comm. & indust. loans |
| - .11% | Mortg. at all holders |

IT IS ANTICIPATED THAT, AFTER ITS LAST MEETING, THE FEDERAL RESERVE OPEN MARKET COMMITTEE TOOK THE WAIT-AND-SEE POSITION AND HAS NOT DECIDED ON PUSHING THE INTEREST RATES FURTHER DOWN. Reasons supporting this anticipation are:

* The US interest rates are already significantly below those of leading industrialized countries. Further larger declines in US rates would result in dangerously high outflow of financial capital from US markets to better investment opportunities abroad. Currently, there already exists a shortage of capital in the US. Therefore, the Federal Reserve cannot do two things at the same time: to stimulate banks to increase their new loans and at the same time to create conditions for new funds to leave the country.

* Further declines in the international value of the dollar to make foreign investments here attractive for foreigners, are likely not taking place.

* Finally, there are increasing signs that the current economic decline is bottoming out or it has already reached the bottom. The upward trend is expected soon.

## TABLE 1.70
## MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDI-CATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2, s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 785.4 | 3122.5 | 716.6 | 568.8 | 558.3 | 3528.5 |
| 1990:1* | 800.3 | 3249.3 | 720.4 | 574.3 | 549.6 | 3593.6 |
| 2* | 807.6 | 3274.5 | 724.9 | 575.9 | 535.5 | 3595.8 |
| 3* | 815.6 | 3304.3 | 735.4 | 576.2 | 523.7 | 3618.2 |
| 4 | 818.3 | 3327.6 | 741.1 | 557.0 | 534.7 | 3620.1 |
| YEAR | 810.5 | 3288.9 | 741.1 | 577.0 | 534.7 | 3620.1 |
| % change from '89 | 3.2 | 5.3 | 3.4 | 5.3 | -4.2 | 2.6 |
| 1991:1 | 822.4 | 3362.4 | 750.3 | 580.0 | 546.2 | 3652.6 |
| 2 | 836.0 | 3441.7 | 762.2 | 582.4 | 560.4 | 3674.3 |
| 3 | 844.9 | 3548.5 | 780.5 | 585.8 | 576.6 | 3758.1 |
| 4 | 859.7 | 3601.7 | 800.1 | 595.8 | 580.2 | 3780.6 |
| YEAR | 840.8 | 3488.6 | 800.1 | 595.8 | 580.2 | 3780.6 |
| % change from '90 | 3.7 | 6.1 | 8.0 | 3.3 | 8.5 | 4.4 |
| 1992:1 | 872.4 | 3645.3 | 817.2 | 593.9 | 592.4 | 3831.2 |
| 2 | 878.3 | 3707.3 | 827.5 | 595.0 | 600.1 | 3890.5 |
| 3 | 890.4 | 3784.2 | 844.4 | 598.8 | 611.4 | 3979.2 |
| 4 | 898.7 | 3842.1 | 857.3 | 611.8 | 620.2 | 4006.8 |
| YEAR | 885.0 | 3744.7 | 857.3 | 611.8 | 620.2 | 4006.8 |
| % change from '91 | 5.3 | 7.3 | 7.1 | 2.7 | 6.9 | 6.0 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

### 1991 FORECAST DATA

Percent Change from January 1991 Forecast

| | |
|---|---|
| + .03% | Conv. Mortg. Rate |
| + .01% | S & P's 500 Avg. |
| 0.00% | Prime Rate |
| - .05% | Aaa corp. bonds |
| - .13% | Treas. Bills 3 mo. yield |
| - .23% | 30 year govt. bond yield |

DATA INDICATE THAT IN 1991:3 INTEREST RATES WILL STABILIZE, AND RESUME A GRADUAL TREND UPWARDS IN 1991:4 AND AFTERWARD.

Data indicate that the phase of significant declines in interest rates levels is coming to the end. Forecast calls for some further declines in the second quarter of this year, but relatively small when compared to changes that took place in the last months.

Forecast of financial markets points to continuous strength in stock, corporate bonds and Federal securities markets. However, the advances in prices of securities are expected to be moderate when compared to hikes in the first two months of this year.

Weaknesses in markets for municipal bonds and in mortgages are expected to prevail throughout most of this year.

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1989* | 8.12 | 10.74 | 9.69 | 9.26 | 8.45 | 323.05 |
| 1990:1* | 7.76 | 10.00 | 9.76 | 9.24 | 8.35 | 336.47 |
| 2* | 7.78 | 10.00 | 9.83 | 9.34 | 8.61 | 349.63 |
| 3* | 7.49 | 10.00 | 9.80 | 9.74 | 8.80 | 344.70 |
| 4* | 7.09 | 10.00 | 9.78 | 9.50 | 8.60 | 358.71 |
| YEAR | 7.53 | 10.00 | 9.79 | 9.46 | 8.59 | 347.38 |
| % change from '89 | -7.3 | -6.9 | 1.1 | 2.1 | 1.7 | 7.5 |
| 1991:1 | 6.41 | 9.38 | 9.54 | 9.40 | 8.26 | 367.71 |
| 2 | 5.92 | 9.01 | 9.12 | 9.23 | 7.95 | 372.47 |
| 3 | 6.34 | 9.18 | 9.02 | 9.20 | 8.05 | 371.56 |
| 4 | 7.01 | 9.32 | 9.32 | 9.24 | 8.12 | 374.90 |
| YEAR | 6.42 | 9.22 | 9.25 | 9.27 | 8.10 | 371.66 |
| % change from '90 | -14.7 | -7.8 | -5.5 | -2.0 | -5.8 | 7.0 |
| 1992:1 | 7.23 | 9.54 | 9.34 | 9.32 | 8.20 | 378.38 |
| 2 | 7.54 | 9.87 | 9.49 | 9.47 | 8.22 | 386.24 |
| 3 | 7.87 | 10.22 | 10.02 | 9.63 | 8.36 | 391.46 |
| 4 | 8.06 | 10.25 | 10.16 | 10.05 | 8.57 | 400.52 |
| YEAR | 7.68 | 9.97 | 9.75 | 9.62 | 8.34 | 389.15 |
| % change from '91 | 19.5 | 8.1 | 5.4 | 3.8 | 3.0 | 4.7 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue the Index of Consumer Price Index for 1990:4 has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure has been calculated as the three months average of monthly data releasted by the U. S. Department of Labor.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Industrial Capacity Utilization
(1990:4, %)
Actual figure: 81.6

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 83.5 | + 2.3 |
| Ameritrust, OH | 12/89 | 81.7 | .0 |
| Fidelity, Philadelphia, PA | 12/89 | 81.4 | .0 |
| First National of Chicago, IL | 12/89 | 81.6 | .0 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 84.3 | + 3.3 |
| Manufacturers Hanover Trust, NY | 12/89 | 80.1 | - 1.9 |
| Marine Midland, NY | 12/89 | 81.9 | .0 |
| National City Bank, OH | 12/89 | 82.2 | + .1 |
| Shawmut of Boston, MA | 12/89 | 83.0 | + 1.7 |
| Society National Bank, OH | 12/89 | 82.6 | + 1.0 |
| Valley National Bank, AR | 12/89 | 83.3 | + 2.0 |
| Metropolitan Life, NY | 12/89 | 80.0 | - 2.0 |
| Shearson Lehman, NY | 12/89 | 81.9 | .0 |
| K.E.D.I., Inc, | 12/89 | 82.2 | + .1 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

TABLE 3.00

HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

## TABLE 3.00

## HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

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# KEDI ECONOMIC SURVEY

March 1991

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SOURCES:

The U. S. Department of Commerce, second estimates of 1990:4, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, March 1991.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Data indicate that the overall decline in the economy has bottomed out, the worst has passed, with rebound on the way.

### Prices

Forecast of price increases is encouraging: no big price hikes are expected this year or next.

### Employment & Labor

The employment rate will peak at the end of this quarter and in the beginning of the second quarter.

### Housing

In February, sales of existing homes shot up by 7.9%, the first increase since November, and the biggest in nearly five years.

### Automobiles

In mid-March, sales of domestically-produced new cars declined by 9.7% from year-earlier level.

### Budgets

KEDI maintains its prediction that Federal receipts will not be up to Administration expectations for this FY and years to follow.

### Income

Forecasts of personal income and components point to usualy increases in totals of personal income and personal disposable income.

### Money & Credit

Forecast data indicate that in the second half of this year consumer credit will be in a strong expansion mode and will continue next year.

### Interest Rates, Yields & Securities Prices

It is likely that the Fed has stopped its push toward lower interest rates and will take a "two month vacation."

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with China, the USSR, and East Europe will expand in 1991 and following years | January 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the March 1991 KEDI forecast. | |
| * | Growth will slow down in the first half of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the first half of 1991 interest rates will be declining slightly. | December 1990 |
| * | Federal budget deficits will keep declining in 1992 and the following years. | October 1990 |
| * | The 1990 export-import gap will start closing to a more acceptable level in 1991 and afterward. | October 1990 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1989, 1990 and 1991 are on pages indicated below.

| Indicator | Unit | 1989 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4117.7 | 4404.5 | 4527.8 | 4668.2 |
| product, p. 5 | % change | 2.9 | 2.7 | 2.8 | 3.1 |
| Index of indust. | 1977=100 | 108.1 | 116.1 | 120.0 | 124.0 |
| prod., p. 5 | % change | 3.3 | 2.5 | 3.3 | 3.4 |
| Capacity | % | 84.0 | 83.7 | 83.2 | 82.5 |
| utiliz., p. 5 | % change | .6 | .2 | -.6 | -.8 |
| Unemployment | % | 5.2 | 5.6 | 5.5 | 5.4 |
| rate, p. 5 | % change | -4.6 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.4 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -5.8 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 10.1 | 10.6 | 10.8 | 11.3 |
| p. 5 | % change | -5.2 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 126.3 | 153.6 | 159.3 | 164.5 |
| price def.,p.11 | % change | 4.4 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 1967=100 | 124.0 | 149.3 | 154.6 | 160.5 |
| Index, p. 11 | % change | 4.7 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1967=100 | 113.5 | 142.7 | 148.4 | 154.2 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -145.7 | -176.0 | -140.1 | -113.6 |
| p. 21 | % change | -1.5 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4384.3 | 6100.8 | 6564.4 | 7102.7 |
| p. 23 | % change | 9.0 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.7 | 12.1 | 12.9 | 14.0 |
| p. 27 | % change | 14.4 | -2.0 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.6 | 10.3 | 10.6 | 10.4 |
| p. 27 | % change | 10.0 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 782.7 | 936.5 | 992.7 | 1053.2 |
| deposits , p. 25 | % change | 1.3 | 5.4 | 6.0 | 6.1 |
| Commercial+ind. | bil. $ | 564.3 | 579.5 | 596.3 | 610.1 |
| loans, p. 25 | % change | 5.3 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 91.2 | 94.1 | 95.1 | 94.9 |
| production | % change | -.9 | -.7 | 1.1 | -.2 |
| Electric power | mil.kw-hr | 2864 | 3032.4 | 3147.6 | 3276.7 |
| production | % change | 3.1 | 3.5 | 3.8 | 4.1 |
| Bituminous coal | mil.sh.tons | 941 | 986 | 998.8 | 1013.8 |
| production | % change | 1.2 | 1.0 | 1.3 | 1.5 |
| Crude oil | avg. daily bbl. | 3002 | 3142 | 3173.7 | 3202.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2227.6 | 2385.7 | 2559.9 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

## 1.11 REAL GROWTH

See Table 1.11
Page 5

DATA FOR FEBRUARY AND EARLY MARCH INDICATE THAT THE OVERALL DECLINE IN THE ECONOMY BOTTOMED OUT, THE WORST HAS PASSED, AND THE REBOUND IS ON THE WAY.

Data point to the housing segment and exports as leaders in recovery.
* February housing starts increased 16.4% housing permits 8.5%, and sales of existing homes 7.9% over January.
* The index of purchasing managers has moved up for the second straight month.
* The January figures for exports have been encouraging: increase by 3.6% compared to December 1990, the second highest level of exports on record.
* Mid-March sales of cars were off by 11.1% only, compared to the 20-30% drops in January and February.
* In February, orders for durables declined, again, but at a significantly lower rate than in January.
* In February the decline in the Index of Industrial Production was the smallest of the preceding two months.
* February retail sales by .8% over the depressed level in January. The increase was the first in four months.

Forecast data for months ahead indicate that positive trends will continue throughout the rest of the year.

### 1991 FORECAST DATA

Percent Change from February 1991 Forecast

| | |
|---|---|
| + .41% | Unemployment |
| + .03% | Capacity Util. |
| + .01% | GNP |
| - .3[illegible]% | Index Indust. Prod. |
| - 1.46% | Private Housing Starts |
| - 1.53% | Autos |

TABLE 1.11
SELECTED INDICATORS I.
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unem-ploy ment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 108.1 | 5.29 | 84.0 | 1.376 | 9.9 |
| 1990:1* | 4150.6 | 108.0 | 5.26 | 82.6 | 1.440 | 9.7 |
| 2* | 4155.1 | 109.4 | 5.29 | 82.6 | 1.196 | 9.6 |
| 3* | 4170.0 | 109.7 | 5.59 | 82.1 | 1.047 | 10.0 |
| 4 | 4149.5 | 106.5 | 5.91 | 80.8 | 1.047 | 9.3 |
| YEAR | 4156.3 | 108.4 | 5.51 | 82.0 | 1.182 | 9.7 |
| % change from '89 | .9 | .3 | 4.2 | -2.4 | -14.1 | -2.5 |
| 1991:1 | 4142.3 | 106.1 | 6.46 | 80.5 | .864 | 9.1 |
| 2 | 4157.2 | 107.0 | 6.42 | 80.9 | .971 | 9.4 |
| 3 | 4180.1 | 108.8 | 6.28 | 81.8 | 1.647 | 10.0 |
| 4 | 4201.2 | 110.5 | 5.97 | 82.6 | 1.179 | 10.2 |
| YEAR | 4170.2 | 108.1 | 6.28 | 81.5 | 1.165 | 9.7 |
| % change from '90 | .3 | -.3 | 14.0 | -.7 | -1.5 | .3 |
| 1992:1 | 4246.2 | 111.8 | 5.85 | 82.9 | 1.139 | 9.4 |
| 2 | 4270.1 | 112.3 | 5.57 | 83.4 | 1.230 | 10.1 |
| 3 | 4300.6 | 114.1 | 5.48 | 83.8 | 1.344 | 10.8 |
| 4 | 4337.8 | 115.0 | 5.29 | 84.1 | 1.248 | 10.6 |
| YEAR | 4288.7 | 113.3 | 5.55 | 83.5 | 1.240 | 10.2 |
| % change from '91 | 2.8 | 4.8 | -11.7 | 2.6 | 6.4 | 5.7 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

RETAIL SALES ROSE IN FEBRUARY BY .8%, THE FIRST INCREASE SINCE OCTOBER WHEN THE GAIN WAS ONE-TENTH OF A PERCENT. Early data for March indicate the positive trend will continue.

February sales were fueled by gains in sales of motor vehicles and parts and other consumer durables.

Data on retail sales for the last months of 1990, the first two months of this year, and forecast data for the rest of this year indicate that January 1991 was the worst for retailers.

The February data are still below the data of February 1990; however, the monthly forecast data show that retail sales in March will roughly match those for March 1990. Data for the following months indicate that retail sales will be performing significantly better than for comparable months.

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| + .07% | Pers. Con. Expend. Services |
| + .01% | Retail Sales Nondurable |
| - .01% | Retail Sales Durable |
| 0.00% | Retail Sales Total |
| 0.00% | Pers. Con. Expand. Nondurable |
| - .15% | Pers. Con Expend. Durable |

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| | *--Personal Cons. Expend.-* | | | *------Retail Sales-------* | | |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondur- ables | Services | Total | Durables | Nondur- ables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1989* | 474.6 | 1130.0 | 1845.5 | 1733.7 | 645.6 | 1088.2 |
| 1990:1* | 492.1 | 1174.7 | 1921.3 | 1796.4 | 663.6 | 1135.8 |
| 2* | 478.4 | 1179.0 | 1965.3 | 1799.3 | 689.4 | 1109.9 |
| 3* | 482.3 | 1205.0 | 2006.2 | 1801.2 | 694.1 | 1122.1 |
| 4 | 470.7 | 1217.9 | 2043.2 | 1802.0 | 671.9 | 1130.1 |
| YEAR | 480.9 | 1194.2 | 1984.0 | 1799.7 | 679.8 | 1124.5 |
| % change from '89 | 1.3 | 5.7 | 7.5 | 3.8 | 5.3 | 3.3 |
| 1991:1 | 460.1 | 1245.3 | 2108.4 | 1800.3 | 649.7 | 1150.6 |
| 2 | 485.6 | 1260.9 | 2162.0 | 1858.4 | 660.1 | 1186.5 |
| 3 | 522.5 | 1291.9 | 2236.0 | 1904.5 | 701.2 | 1203.3 |
| 4 | 538.2 | 1318.4 | 2285.7 | 1951.2 | 740.3 | 1210.9 |
| YEAR | 501.6 | 1279.1 | 2198.0 | 1878.6 | 687.8 | 1187.8 |
| % change from '90 | 4.3 | 7.1 | 10.8 | 4.4 | 1.2 | 5.6 |
| 1992:1 | 542.2 | 1329.4 | 2347.4 | 1984.3 | 748.5 | 1235.8 |
| 2 | 556.3 | 1359.1 | 2382.5 | 2039.5 | 776.5 | 1263.0 |
| 3 | 571.4 | 1401.2 | 2425.2 | 2090.2 | 801.4 | 1288.8 |
| 4 | 582.4 | 1436.5 | 2502.4 | 2151.6 | 820.5 | 1331.1 |
| YEAR | 563.1 | 1381.5 | 2414.4 | 2066.4 | 786.7 | 1279.7 |
| % change from '91 | 12.3 | 8.0 | 9.8 | 10.0 | 14.4 | 7.7 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| + .07% | State Local Purch. |
| + .01% | Pers. Cons. Expend. |
| + .01% | GNP |
| - .11% | Gross Private Dom. Inv. |
| - .20% | Federal Govt. Purch. |
| - 3.33% | Net Exports |

DATA FOR GNP IN 1990:4 AND EARLY DATA FOR SOME COMPONENTS OF GNP FOR JANUARY, FEBRUARY AND THE BEGINNING OF MARCH POINT CONVINCINGLY THAT THE EXPECTED DECLINE OF GNP IN 1991:1 WILL BE THE LAST.

GNP in constant 82 dollars in the first quarter of this year is expected to decline only marginally. Forecast for 1991:2 shows a slight increase compared to the level of GNP in 1991:1, and accelerated growth afterward.

In 1991, GNP is expected to increase by a modest .9% over last year's figure, due mainly to a relatively strong growth in the second half of the year. In the first half of this year, the rate of growth of GNP is expected to be at the annualized .8% level, while in the second half of the year, 1.8% annualized rate is expected.

## TABLE 1.13
## REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----------Gross National Product----------------* | | | | | |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1989* | 4117.7 | 2656.8 | 716.9 | -54.1 | 334.9 | 463.2 |
| 1990:1* | 4150.6 | 2667.3 | 700.7 | -35.4 | 333.0 | 475.0 |
| 2* | 4155.1 | 2678.8 | 700.7 | -44.6 | 345.9 | 474.3 |
| 3* | 4170.0 | 2696.8 | 697.0 | -46.5 | 346.0 | 476.7 |
| 4 | 4149.5 | 2676.9 | 659.8 | -18.5 | 348.4 | 482.9 |
| YEAR | 4156.3 | 2682.5 | 689.5 | -36.2 | 343.3 | 477.2 |
| % change from '89 | .9 | 1.0 | -3.8 | -33.0 | 2.5 | 3.0 |
| 1991:1 | 4142.3 | 2674.8 | 653.0 | -23.2 | 353.1 | 484.6 |
| 2 | 4157.2 | 2682.1 | 655.3 | -26.7 | 360.0 | 486.5 |
| 3 | 4180.1 | 2697.5 | 661.2 | -35.8 | 367.2 | 490.0 |
| 4 | 4201.2 | 2699.6 | 668.4 | -30.1 | 370.1 | 493.2 |
| YEAR | 4170.2 | 2688.5 | 659.5 | -28.9 | 362.6 | 488.6 |
| % change from '90 | .3 | .2 | -4.4 | -20.1 | 5.6 | 2.4 |
| 1992:1 | 4246.2 | 2734.0 | 673.5 | 29.3 | 372.3 | 495.7 |
| 2 | 4270.1 | 2743.2 | 680.6 | -28.1 | 374.6 | 499.8 |
| 3 | 4300.6 | 2747.3 | 696.3 | -24.3 | 377.3 | 504.0 |
| 4 | 4337.8 | 2772.0 | 700.7 | -23.1 | 380.5 | 507.7 |
| YEAR | 4288.7 | 2749.1 | 687.8 | -26.2 | 376.2 | 501.8 |
| % change from '91 | 2.8 | 2.3 | 4.3 | -9.5 | 3.7 | 2.7 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

## 1.21 PRICES

See Tables 1.21 - page 11

### FORECAST OF PRICE INCREASES IS ENCOURAGING: NO BIG PRICE HIKES ARE EXPECTED THIS YEAR OR NEXT.

The consumer price index will increase by 4.3% this year, and 4.5% next year. Main price increases are expected to take place in services, notably health care, personal services, and transportation in 1992.

In general, price increases will be moderate with small increases in prices of agriculture products, slight gains in prices of energy, modest gains in wage contracts, and stable prices of crude materials in international markets are expected to be main factors determining the movements of consumer and producer price levels in the 1991-92 period.

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | | |
|---|---|---|
| + | .04% | GNP |
| + | .04% | Federal Govt. Purch. |
| - | .02% | State Local Purch. |
| - | .02% | Pers. Cons. Expend. |
| - | .11% | Consumer Price Index |
| - | .31% | Producer Price Index |

## TABLE 1.21
## PRICES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1989* | 124.0 | 113.6 | 126.3 | 126.3 | 119.4 | 135.1 |
| 1990:1* | 128.0 | 117.4 | 129.5 | 134.0 | 123.3 | 138.9 |
| 2* | 129.3 | 117.5 | 131.0 | 135.2 | 122.0 | 140.1 |
| 3* | 132.4 | 120.5 | 132.2 | 137.0 | 123.0 | 142.0 |
| 4 | 133.7 | 122.3 | 133.1 | 139.3 | 125.1 | 144.1 |
| YEAR | 130.8 | 119.4 | 131.4 | 136.4 | 123.3 | 141.3 |
| % change from '89 | 5.5 | 5.1 | 4.1 | 8.0 | 3.3 | 4.6 |
| 1991:1 | 136.9 | 123.5 | 136.0 | 142.5 | 127.3 | 147.2 |
| 2 | 137.5 | 126.7 | 138.3 | 145.7 | 129.1 | 147.8 |
| 3 | 138.4 | 129.2 | 141.8 | 150.2 | 130.1 | 149.6 |
| 4 | 139.4 | 132.6 | 143.9 | 153.4 | 130.8 | 151.3 |
| YEAR | 138.1 | 128.0 | 140.0 | 148.0 | 129.3 | 149.0 |
| % change from '90 | 5.5 | 7.2 | 6.5 | 8.5 | 4.8 | 5.5 |
| 1992:1 | 141.2 | 133.5 | 145.0 | 154.3 | 132.2 | 152.2 |
| 2 | 143.0 | 135.0 | 146.8 | 156.7 | 133.1 | 154.0 |
| 3 | 144.1 | 136.8 | 148.9 | 160.0 | 134.8 | 154.8 |
| 4 | 147.4 | 138.8 | 151.1 | 163.1 | 135.0 | 157.1 |
| YEAR | 143.9 | 136.0 | 147.9 | 158.5 | 133.8 | 154.5 |
| % change from '91 | 4.3 | 6.3 | 5.7 | 7.1 | 3.4 | 3.7 |

*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| + .07% | State Local Purch. |
| + .02% | GNP |
| + .01% | Pers. Cons. Expend. |
| - .16% | Federal Govt. Purch. |
| - .41% | Gross Private Dom. Inv. |
| - 8.88% | Net Exports |

FORECAST DATA FOR GNP IN CURRENT DOLLARS FOR THIS YEAR SHOW THAT THE WORST HAS PASSED WITH THE FIRST QUARTER.

Data for 1991:2 indicate that slow growth will take place.

For the third and fourth quarters of this year, a fairly good pace of the recovery is expected.

Data point to two main contributing factors:

* Consumer spending, expected to be strong, especially in the second half of the year, in housing and housing-related items, and in motor vehicles and parts, and
* Exports are expected to gain continuously in strength, notably exports of agricultural products, machinery instruments, electronics, and aerospace.

Data indicate that the export-import gap will be closing only marginally, due to expected increases in imports of consumer and producer goods and services.

### TABLE 1.22
### NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product---------------* | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 5200.8 | 3450.1 | 771.2 | -46.1 | 400.0 | 625.6 |
| 1990:1* | 5375.4 | 3588.1 | 747.2 | -30.0 | 410.6 | 659.6 |
| 2* | 5443.3 | 3622.7 | 759.0 | -24.9 | 421.9 | 664.6 |
| 3* | 5514.6 | 3693.4 | 759.7 | -41.3 | 426.5 | 677.0 |
| 4 | 5523.0 | 3731.8 | 701.8 | -42.3 | 435.8 | 695.9 |
| YEAR | 5464.1 | 3659.0 | 741.9 | -34.6 | 423.7 | 674.3 |
| % change from '89 | 5.1 | 6.1 | -3.8 | -24.9 | 5.9 | 7.8 |
| 1991:1 | 5633.5 | 3813.8 | 700.1 | -43.2 | 449.5 | 713.3 |
| 2 | 5749.4 | 3908.5 | 704.3 | -47.2 | 464.8 | 719.0 |
| 3 | 5927.4 | 4050.4 | 710.8 | -44.6 | 477.7 | 733.0 |
| 4 | 6045.5 | 4142.3 | 721.4 | -48.5 | 484.1 | 746.2 |
| YEAR | 5839.0 | 3978.8 | 709.1 | -45.9 | 469.0 | 727.9 |
| % change from '90 | 6.9 | 8.7 | -4.4 | 32.5 | 10.7 | 8.0 |
| 1992:1 | 6157.0 | 4219.0 | 730.8 | -39.4 | 492.2 | 754.5 |
| 2 | 6268.5 | 4297.9 | 738.4 | -36.1 | 498.6 | 769.7 |
| 3 | 6403.6 | 4397.8 | 747.6 | -30.6 | 508.6 | 780.2 |
| 4 | 6554.4 | 4521.3 | 752.3 | -30.5 | 513.7 | 797.6 |
| YEAR | 6345.9 | 4359.0 | 742.3 | -34.1 | 503.3 | 775.5 |
| % change from '91 | 8.7 | 9.6 | 4.7 | -25.6 | 7.3 | 6.5 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | | |
|---|---|---|
| + | .05% | Unemployment |
| | 0.00% | Agri culture |
| - | .02% | Population |
| - | .04% | Civilian Labor Force |
| - | .15% | Total Employed |
| - | .16% | Non Agriculture |

THE UNEMPLOYMENT RATE WILL PEAK AT THE END OF THIS QUARTER AND IN THE BEGINNING OF THE SECOND QUARTER.

After that, it will be declining slightly throughout the rest of this year and in 1992. Goods producing industries with largest unemployment rates are expected to be construction in its nonresidential and multifamily housing segments, fabricated metal products, and some segments of the stone, clay, and glass industries.

A tight labor market is expected in the textile mill products, apparel and footwear, and leather and leather products industries.

In service producing industries, the airline transportation, real estate, some segments of retail trade, insurance, and banking, and communications services remain in trouble.

Health and medical services are expected to be the major providers of new jobs in the US economy in both forecast years.

TABLE 1.30
EMPLOYMENT & LABOR
Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Population | Civil. labor force | Total | Agricult. | Non-agric. | Unemployment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1989* | 258.1 | 123.9 | 117.3 | 3.2 | 114.1 | 5.29 |
| 1990:1* | 259.4 | 124.6 | 118.0 | 3.2 | 114.8 | 5.26 |
| 2* | 260.3 | 124.9 | 118.2 | 3.2 | 115.0 | 5.29 |
| 3* | 261.3 | 125.9 | 118.9 | 3.2 | 115.7 | 5.59 |
| 4 | 262.4 | 124.8 | 117.4 | 3.2 | 114.2 | 5.91 |
| YEAR | 260.9 | 125.0 | 117.0 | 3.2 | 113.8 | 5.51 |
| % change from '89 | 1.1 | .9 | .9 | 0.0 | -.2 | 4.2 |
| 1991:1 | 263.4 | 125.5 | 117.4 | 3.2 | 114.2 | 6.46 |
| 2 | 264.5 | 126.7 | 118.6 | 3.2 | 115.4 | 6.42 |
| 3 | 265.1 | 127.5 | 119.5 | 3.2 | 116.3 | 6.28 |
| 4 | 266.4 | 128.0 | 120.4 | 3.2 | 117.2 | 5.97 |
| YEAR | 264.9 | 126.9 | 119.0 | 3.2 | 115.8 | 6.28 |
| % change from '90 | 1.5 | 1.5 | 1.3 | 0.0 | 1.7 | 13.97 |
| 1992:1 | 267.3 | 128.4 | 120.9 | 3.2 | 117.7 | 5.85 |
| 2 | 268.4 | 129.5 | 122.3 | 3.2 | 119.1 | 5.57 |
| 3 | 269.2 | 130.0 | 122.9 | 3.2 | 119.7 | 5.48 |
| 4 | 269.2 | 130.6 | 123.7 | 3.2 | 120.5 | 5.29 |
| YEAR | 268.5 | 129.6 | 122.4 | 3.2 | 119.2 | 5.55 |
| % change from '91 | 1.4 | 2.1 | 2.4 | 0.0 | 3.0 | -11.70 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

IN FEBRUARY, SALES OF EXISTING HOMES SHOT UP 7.9%, THE FIRST INCREASE SINCE NOVEMBER, AND THE BIGGEST IN NEARLY FIVE YEARS.

Construction of new homes increased 16.4% and building permits rose a healthy 8.5%, the first rise in eight months.

Forecast data call for a continuous upward trend, though moderate, for the rest of this year and in 1992. The outlook for the multifamily segment remains bleak for the rest of this year and the following year. Data also indicate a continuous weakness in public projects, especially in 1992, mainly due to expected tight times in finances of state and local governments.

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| + 5.41% | Multiple family starts |
| + 4.06% | Mobile Home Shipments |
| - .17% | 1-family housing new |
| - .46% | 1-family housing existing |
| - 1.38% | Single family housing starts |
| - 7.12% | Permits Issued |

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1989* | 1.003 | .373 | .198 | 1.338 | 148.5 | 118.0 |
| 1990:1* | 1.083 | .357 | .229 | 1.416 | 155.3 | 120.1 |
| 2* | .893 | .303 | .191 | 1.097 | 154.6 | 118.4 |
| 3* | .878 | .269 | .187 | .986 | 158.3 | 117.7 |
| 4 | .787P | .260P | .185P | .651P | 159.5 | 117.6 |
| YEAR | .910 | .297 | .199 | 1.038 | 156.9 | 118.5 |
| % change from '89 | -9.2 | -20.3 | .4 | -22.5 | 5.7 | .4 |
| 1991:1 | .671 | .193 | .175 | .704 | 160.2 | 118.2 |
| 2 | .722 | .249 | .189 | .942 | 162.1 | 119.3 |
| 3 | .865 | .294 | .200 | .992 | 170.8 | 122.5 |
| 4 | .902 | .277 | .209 | 1.006 | 172.2 | 123.8 |
| YEAR | .790 | .253 | .193 | .911 | 166.3 | 121.0 |
| % change from '90 | -13.2 | -14.8 | -2.8 | -12.2 | 6.0 | 2.1 |
| 1992:1 | .865 | .274 | .204 | .970 | 173.6 | 125.1 |
| 2 | .931 | .299 | .220 | .984 | 177.5 | 127.9 |
| 3 | .998 | .346 | .239 | 1.210 | 180.2 | 130.4 |
| 4 | .932 | .316 | .201 | 1.128 | 190.3 | 134.6 |
| YEAR | .931 | .309 | .216 | 1.073 | 180.4 | 129.5 |
| % change from '91 | 17.9 | 21.9 | 11.8 | 17.8 | 8.5 | 7.1 |

*Historical data. R = Revised. P = Preliminary.
**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| - .37% | Domestic Car Sales |
| - .61% | Light Truck Sales |
| - .96% | Imported Car Sales |
| - 1.10% | Shipments |
| - 1.53% | Total Car Sales |
| -11.76% | Dealer Inventory |

IN MID-MARCH, SALES OF DOMESTICALLY-PRODUCED NEW CARS DECLINED BY 9.7% FROM YEAR-EARLIER LEVEL.

This represents a seasonally adjusted annual sales rate of 6 million units compared to the same time last year when the annualized sales rate was 6.4 million.

Sales of light-duty trucks and other vehicles of this category fell by 13%.

Forecast data point to a continuous weakness in the car market for the rest of this quarter and most of the second quarter. Fairly good performance is expected in the second half of the year, in both categories--passenger cars, light-duty trucks, jeeps, and vans. In the year's totals, sales and output in 1991 is expected to be slightly below the total of 1990.

A better year for automakers is predicted for 1992 when sales and output are expected to be above the 1989 levels.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1989* | 9.9 | 7.1 | 2.8 | 1.7 | 7.2 | 4.1 |
| 1990:1* | 9.7 | 6.7 | 3.0 | 1.5 | 6.5 | 4.0 |
| 2* | 9.6 | 6.8 | 2.8 | 1.5 | 6.9 | 4.4 |
| 3* | 10.0 | 7.0 | 3.0 | 1.6 | 7.0 | 4.2 |
| 4 | 9.3P | 6.6P | 2.7 | 1.5 | 6.5 | 3.7P |
| YEAR | 9.7 | 6.8 | 2.9 | 1.5 | 6.7 | 4.1 |
| % change from '89 | -2.5 | -4.6 | 2.7 | -11.8 | -6.6 | -.6 |
| 1991:1 | 9.1 | 6.5 | 2.6 | 1.5 | 6.2 | 3.7 |
| 2 | 9.4 | 6.8 | 2.6 | 1.6 | 6.7 | 3.9 |
| 3 | 10.0 | 7.1 | 2.9 | 1.7 | 7.0 | 4.3 |
| 4 | 10.4 | 7.3 | 2.9 | 1.7 | 6.9 | 4.1 |
| YEAR | 9.7 | 6.9 | 2.8 | 1.7 | 6.7 | 4.0 |
| % change from '90 | .3 | 4.6 | -4.3 | 13.3 | -.4 | -1.8 |
| 1992:1 | 9.4 | 6.4 | 3.0 | 1.7 | 7.0 | 4.2 |
| 2 | 10.2 | 7.0 | 3.1 | 1.7 | 7.1 | 4.7 |
| 3 | 10.8 | 7.7 | 3.1 | 1.8 | 7.5 | 4.7 |
| 4 | 10.7 | 7.4 | 3.2 | 1.8 | 7.3 | 4.6 |
| YEAR | 10.2 | 7.1 | 3.1 | 1.8 | 7.2 | 4.5 |
| % change from '91 | 5.7 | -7.0 | 12.7 | 5.9 | 7.8 | 13.7 |

*Historical data. R = Revised. P = Preliminary.

**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| + .84% | State Corp. Tax Accrued |
| + .12% | State Income Tax |
| - .19% | Federal Income Tax |
| - .45% | State Surplus Deficit |
| - 1.39% | Corporate Profit Tax Accrued |
| - 8.11% | Federal Surplus Deficit |

KEDI MAINTAINS ITS PREDICTION THAT THE FEDERAL RECEIPTS AND EXPENDITURES FORECASTED BY THE ADMINISTRATION ARE TOO OPTIMISTIC FOR THE COMING FISCAL YEAR AND FISCAL YEARS TO FOLLOW.

Unless drastic increases in Federal taxes occur in coming years, there is no other way to achieve a balanced budget assumed by the Administration to be achieved in FY 1995.

KEDI forecast data of Federal budget deficits as shown below, differ only slightly from those presented in the previous issue:

FORECAST OF FEDERAL BUDGET DEFICITS

| Fiscal Year | Bil. $ |
|---|---|
| 1991 (current) | 348 |
| 1992 | 265 |
| 1993 | 186 |
| 1994 | 114 |
| 1995 | 106 |
| 1996 | 81 |

## TABLE 1.50
## FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| | *-----FEDERAL | ----------* | | *---STATE AND LOCAL | ----* | |
|---|---|---|---|---|---|---|
| INDICATOR | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 464.0 | 110.4 | -134.3 | 194.3 | 24.7 | 46.4 |
| 1990:1* | 473.6 | 106.5 | -168.3 | 201.5 | 23.3 | 38.1 |
| 2* | 492.1 | 109.2 | -166.0 | 204.4 | 23.9 | 38.6 |
| 3* | 500.0P | 114.2P | -145.7P | 209.4P | 24.9P | 39.3P |
| 4 | 510.9P | 110.7P | -276.8P | 211.7P | 24.3P | 40.1P |
| YEAR | 494.1 | 110.2 | -189.2 | 206.8 | 24.1 | 39.0 |
| % change from '89 | 6.5 | -.2 | 40.9 | 6.4 | -2.4 | -15.9 |
| 1991:1 | 520.4 | 109.3 | -388.4 | 219.5 | 26.4 | 40.5 |
| 2 | 538.4 | 112.4 | -329.6 | 224.8 | 28.2 | 42.0 |
| 3 | 550.2 | 120.7 | -290.1 | 229.8 | 29.0 | 43.2 |
| 4 | 570.8 | 128.5 | -267.8 | 236.7 | 30.9 | 45.7 |
| YEAR | 545.0 | 117.7 | -319.0 | 227.7 | 28.6 | 42.9 |
| % change from '90 | 10.3 | 6.9 | 68.6 | 10.1 | 18.8 | 9.8 |
| 1992:1 | 589.4 | 130.4 | -236.5 | 245.3 | 31.8 | 46.1 |
| 2 | 606.8 | 135.5 | -217.2 | 249.2 | 32.6 | 47.3 |
| 3 | 628.7 | 141.9 | -213.6 | 256.3 | 35.4 | 48.3 |
| 4 | 634.5 | 147.2 | -190.2 | 203.7 | 36.0 | 49.7 |
| YEAR | 614.9 | 138.8 | -214.4 | 238.6 | 34.0 | 47.9 |
| % change from '91 | 12.8 | 17.9 | -32.8 | 4.8 | 18.6 | 11.7 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| + .06% | Comp. of Employees |
| + .01% | Average Weekly Earnings |
| 0.00% | Personal Disp. Income |
| 0.00% | Personal Income |
| - .13% | Corporate After Tax Profit |
| - .41% | Personal Savings |

FORECASTS OF PERSONAL INCOME AND COMPONENTS POINT TO USUAL INCREASES IN TOTALS OF PERSONAL INCOME AND PERSONAL DISPOSABLE INCOME.
Gains in corporate profits are expected to be modest and imbalanced, with some industries showing profits significantly above the average, while others continue to perform disappointingly.

In 1991, the largest increases in profits are expected to be in electronics, medical supplies, medical services, semiconductors, aircraft and space vehicles, plastics, and food and kindred products. Industries that will perform poorly are forest products, nonferrous metals, telephone utilities, nonresidential construction, textile and apparel, footwear, and air transportation.

## TABLE 1.60
## INCOME

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1989* | 4384.3 | 3725.5 | 3079.0 | 172.6 | 171.8 | 431.6 |
| 1990:1* | 4562.8 | 3887.7 | 3182.4 | 167.1 | 191.3 | 434.4 |
| 2* | 4622.2 | 3925.7 | 3290.7 | 166.1 | 195.1 | 444.1 |
| 3* | 4678.5 | 3969.1 | 3374.6 | 179.4 | 160.5 | 447.0 |
| 4 | 4615.0 | 3892.4 | 3399.3 | 176.9 | 160.6 | 448.3 |
| YEAR | 4619.6 | 3918.7 | 3311.8 | 172.4 | 176.9 | 443.4 |
| % change from '89 | 5.4 | 5.2 | 7.6 | -.1 | 3.0 | 2.7 |
| 1991:1 | 4924.4 | 4184.5 | 3448.5 | 176.1 | 168.9 | 448.0 |
| 2 | 5058.7 | 4295.5 | 3472.8 | 177.2 | 182.4 | 450.9 |
| 3 | 5233.1 | 4453.1 | 3549.2 | 179.1 | 194.6 | 457.2 |
| 4 | 5367.5 | 4560.0 | 3614.4 | 182.7 | 206.3 | 461.3 |
| YEAR | 5145.9 | 4373.3 | 3521.2 | 178.8 | 188.1 | 454.4 |
| % change from '90 | 11.4 | 11.6 | 6.3 | 3.7 | 6.3 | 2.5 |
| 1992:1 | 5480.0 | 4645.3 | 3711.2 | 184.4 | 209.8 | 464.8 |
| 2 | 5595.2 | 4739.2 | 3792.0 | 190.1 | 220.5 | 468.7 |
| 3 | 5736.9 | 4851.9 | 3889.6 | 194.8 | 228.7 | 472.3 |
| 4 | 5825.3 | 4987.1 | 4002.3 | 196.9 | 236.5 | 482.7 |
| YEAR | 5659.4 | 4805.9 | 3848.8 | 191.6 | 223.9 | 472.1 |
| % change from '91 | 10.0 | 9.9 | 9.3 | 7.1 | 19.1 | 3.9 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| + .07% | Comm. & indust. loans |
| + .02% | Time deposits |
| 0.00% | Currency & demand deposits |
| - .01% | Consumer instal. credit |
| - .27% | Mortg. at all holders |
| - .75% | Large denom. time deposits |

THIS YEAR, MONETARY AGGREGATES M1 AND M2 ARE EXPECTED TO GROW BY 3.8% AND 6.2% RESPECTIVELY. Their growth will accelerate to respective 5.3% and 7.2% in the next year.

Forecast data indicate that in the second half of this year, consumer credit will expand very strongly and will continue in the next year. Main factors expected to contribute to the expansion of consumer credit this and next year will be demand for cars and consumer durables related to housing and mobile homes.

Moderate growth is predicted for the mortgage market, commercial and industrial loans, and certificates of deposits.

In general, conditions in credit markets will remain tight since no more significant declines in interest rates are expected.

TABLE 1.70
MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDI-CATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2,s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1989* | 785.4 | 3122.5 | 716.6 | 568.8 | 558.3 | 3528.5 |
| 1990:1* | 800.3 | 3249.3 | 720.4 | 574.3 | 549.6 | 3593.6 |
| 2* | 807.6 | 3274.5 | 724.9 | 575.9 | 535.5 | 3595.8 |
| 3* | 815.6 | 3304.3 | 735.4 | 576.2 | 523.7 | 3608.4 |
| 4 | 818.5 | 3330.5 | 741.0 | 577.4 | 530.7 | 3610.2 |
| YEAR | 810.5 | 3289.7 | 741.0 | 577.4 | 530.7 | 3610.2 |
| % change from '89 | 3.2 | 5.4 | 3.4 | 5.3 | -4.9 | 2.3 |
| 1991:1 | 824.7 | 3368.9 | 743.3 | 578.6 | 536.2 | 3642.8 |
| 2 | 839.8 | 3451.7 | 752.7 | 580.4 | 550.1 | 3664.5 |
| 3 | 847.9 | 3568.4 | 771.5 | 586.8 | 556.6 | 3748.1 |
| 4 | 862.6 | 3631.7 | 787.4 | 592.9 | 560.1 | 3752.6 |
| YEAR | 843.8 | 3505.2 | 800.1 | 595.8 | 580.2 | 3780.6 |
| % change from '90 | 4.1 | 6.6 | 8.0 | 3.2 | 9.3 | 4.7 |
| 1992:1 | 874.7 | 3647.2 | 807.1 | 596.4 | 572.4 | 3821.2 |
| 2 | 881.3 | 3709.3 | 820.5 | 599.7 | 581.3 | 3870.5 |
| 3 | 895.6 | 3784.2 | 834.2 | 602.1 | 585.6 | 3949.2 |
| 4 | 902.4 | 3842.1 | 840.5 | 608.7 | 593.4 | 3965.7 |
| YEAR | 888.5 | 3745.7 | 840.5 | 608.7 | 593.4 | 3965.7 |
| % change from '91 | 5.3 | 6.9 | 5.0 | 2.2 | 2.3 | 4.9 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

1991
FORECAST
DATA

Percent Change
from
February 1991
Forecast

| | |
|---|---|
| 0.00% | Prime Rate |
| - .15% | Conv. Mortg. Rate |
| - .23% | Treas. Bills 3 mo. yield |
| - .44% | 30 year govt. bond yield |
| - .63% | Aaa corp. bonds |
| - 3.88% | S & P's 500 avg. |

IT IS ANTICIPATED THAT ON ITS MARCH 26 MEETING THE FEDERAL RESERVE OPEN MARKET COMMITTEE WILL NOT DECIDE ON ANY FURTHER SIGNIFICANT DECLINES IN INTEREST RATES. It is likely that the Fed has stopped its push toward lower interest rates and will take a "two month vacation."

Current data indicate that further significant declines in rates may bring on increased risk of inflation. On the other hand, with the level of economic activity still low, there is no chance the Fed will move up rates.

Forecast data point to some small declines in interest rates during the second quarter of this year. Afterward, interest rates are expected to level off, and to go up a bit toward the end of the year. Small, but continuous, marginal increases are expected to persist in most of 1992.

### TABLE 1.80
### INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1989* | 8.12 | 10.74 | 9.69 | 9.26 | 8.45 | 323.05 |
| 1990:1* | 7.76 | 10.00 | 9.76 | 9.24 | 8.35 | 336.47 |
| 2* | 7.78 | 10.00 | 9.83 | 9.34 | 8.61 | 349.63 |
| 3* | 7.49 | 10.00 | 9.80 | 9.74 | 8.80 | 335.21 |
| 4* | 7.02 | 10.00 | 9.71 | 9.28 | 8.45 | 314.23 |
| YEAR | 7.51 | 10.00 | 9.78 | 9.40 | 8.55 | 333.88 |
| % change from '89 | -7.5 | -6.9 | .9 | 1.5 | 1.2 | 3.4 |
| 1991:1 | 6.22 | 9.31 | 9.34 | 9.03 | 8.16 | 367.71 |
| 2 | 5.97 | 9.00 | 9.16 | 9.13 | 7.98 | 372.47 |
| 3 | 6.14 | 9.08 | 9.14 | 9.20 | 8.05 | 371.56 |
| 4 | 6.65 | 9.32 | 9.38 | 9.24 | 8.12 | 374.90 |
| YEAR | 6.25 | 9.18 | 9.26 | 9.15 | 8.08 | 371.66 |
| % change from '90 | -16.9 | -8.2 | -5.3 | -2.7 | -5.6 | 11.3 |
| 1992:1 | 7.13 | 9.44 | 9.44 | 9.38 | 9.18 | 378.38 |
| 2 | 7.24 | 9.67 | 9.61 | 9.51 | 8.22 | 386.24 |
| 3 | 7.57 | 19.92 | 10.02 | 9.63 | 8.36 | 391.46 |
| 4 | 7.82 | 10.25 | 10.16 | 10.05 | 8.57 | 400.52 |
| YEAR | 7.44 | 12.32 | 9.81 | 9.64 | 8.58 | 389.15 |
| % change from '91 | 19.1 | 34.2 | 6.0 | 5.4 | 6.3 | 4.7 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue Car Sales for 1990:4 has been selected for comparison. Forecast data have been published in *The Journal of Business Forecasting Methods & Systems*, Winter 1989-90, pp. 39 and 41. Actual figure has been calculated as the three months average of monthly data releasted by the U. S. Department of Labor.

### TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Car Sales
(1990:4, mil. units, seas. adj.)
Actual figure: 8.9

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 9.3 | - 4.5 |
| Ameritrust, OH | 12/89 | 9.2 | + 3.4 |
| Fidelity, Philadelphia, PA | 12/89 | 9.4 | + 5.6 |
| First National of Chicago, IL | 12/89 | 9.3 | + 4.5 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 9.5 | + 6.7 |
| Manufacturers Hanover Trust, NY | 12/89 | 8.9 | 0 |
| Marine Midland, NY | 12/89 | 9.5 | + 6.7 |
| National City Bank, OH | 12/89 | 9.4 | + 5.6 |
| Shawmut of Boston, MA | 12/89 | 9.6 | + 7.8 |
| Society National Bank, OH | 12/89 | 9.2 | + 3.4 |
| Valley National Bank, AR | 12/89 | 9.5 | + 6.7 |
| Metropolitan Life, NY | 12/89 | 9.3 | + 4.5 |
| Shearson Lehman, NY | 12/89 | 9.2 | + 3.4 |
| K.E.D.I., Inc, | 12/89 | 9.2 | + 3.4 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

TABLE 3.00

HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

## TABLE 3.00

## HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

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# KEDI ECONOMIC SURVEY

April 1991

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SOURCES:

The U. S. Department of Commerce, first estimates of 1991:1, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, April 1991.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Forecast data show quite convincingly that the bottom of the downturn was reached in 1991:1 with the economy recovering.

### Prices

Forecast data show that inflation will not be a problem this year or in the foreseeable future.

### Employment & Labor

The unemployment rate rose to 6.8% in March reaching the same level in late 1986, a benchmark year of continuous expansion.

### Housing

In March, housing permits were up by 2.4% over February and sales of homes rose by .6% in the same period.

### Automobiles

Weakness in automotive markets will continue through the rest of this quarter with recovery beginning in 1991:3.

### Budgets

The Administration's latest forecast of Federal Budget Deficit calls for $318 bi., in FY 1992 beginning October 1, this year.

### Income

Forecast data on personal income and personal disposable income suggest that both will resume normal upward trends in second half '91.

### Money & Credit

KEDI's outlook calls for strong increases in money supply M1 and M2 and their components throughout this year and in 1992.

### Interest Rates, Yields & Securities Prices

Forecast data for interest rates may point to some small declines during the rest of this year and afterward.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with China, the USSR, and East Europe will expand in 1991 and following years | January 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the April 1991 KEDI forecast. | |
| * | Growth will slow down in the first half of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the first half of 1991 interest rates will be declining slightly. | December 1990 |
| * | Federal budget deficits will keep declining in 1992 and the following years. | October 1990 |
| * | The 1990 export-import gap will start closing to a more acceptable level in 1991 and afterward. | October 1990 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1989, 1990 and 1991 are on pages indicated below.

| Indicator | Unit | 1990 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4123.9 | 4499.5 | 4630.0 | 4773.5 |
| product, p. 5 | % change | 1.8 | 2.8 | 2.9 | 3.1 |
| Index of indust. | 1977=100 | 108.3 | 119.5 | 123.4 | 127.6 |
| prod., p. 5 | % change | 1.4 | 2.6 | 3.3 | 3.4 |
| Capacity | % | 82.0 | 84.3 | 83.8 | 83.2 |
| utiliz., p. 5 | % change | -.9 | .2 | -.6 | -.8 |
| Unemployment | % | 5.5 | 5.5 | 83.2 | 1.2 |
| rate, p. 5 | % change | .8 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.2 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -6.3 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 9.3 | 10.7 | 11.0 | 11.4 |
| p. 5 | % change | -5.8 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 131.5 | 158.0 | 163.9 | 169.3 |
| price def.,p.11 | % change | 4.1 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 1967=100 | 130.7 | 155.1 | 160.7 | 166.8 |
| Index, p. 11 | % change | 4.8 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1967=100 | 119.4 | 142.7 | 148.4 | 154.2 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -194.6 | -112.6 | -89.6 | -72.7 |
| p. 21 | % change | -8.4 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4645.5 | 6628.9 | 7132.7 | 7717.6 |
| p. 23 | % change | 6.7 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.0 | 9.8 | 10.5 | 11.3 |
| p. 27 | % change | -3.5 | -3.6 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.8 | 10.8 | 11.1 | 10.9 |
| p. 27 | % change | -2.4 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 811.6 | 967.5 | 1019.7 | 1081.9 |
| deposits , p. 25 | % change | 3.7 | 5.0 | 5.4 | 6.1 |
| Commercial+ind. | bil. $ | 577.2 | 592.8 | 610.0 | 624.0 |
| loans, p. 25 | % change | 3.1 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sn.tons | 93.1 | 92.4 | 93.4 | 90.2 |
| production | % change | 1.3 | -.7 | 1.0 | -3.4 |
| Electric power | mil.kw-hr | 3072 | 3176.4 | 3300.3 | 3438.9 |
| production | % change | 3.0 | 3.4 | 3.9 | 4.2 |
| Bituminous coal | mil.sh.tons | 947 | 956.5 | 960.3 | 973.7 |
| production | % change | 1.3 | 1.0 | .4 | 1.4 |
| Crude oil | avg. daily bbl. | 2973 | 3032.5 | 3062.8 | 3090.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2316.6 | 2481.1 | 2662.2 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

## 1.11 REAL GROWTH

See Table 1.11
Page 5

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| +15.35% | Unemployment |
| + .13% | GNP |
| - 1.11% | Index Indus. Prod. |
| - [illegible].29% | Capacity Util. |
| - 4.64% | Autos |
| -13.42% | Private Housing Starts |

FORECAST DATA SHOW QUITE CONVININGLY THAT THE BOTTOM OF THE DOWNTURN WAS REACHED IN 1991:1 WITH THE ECONOMY IN THE START OF RECOVERY.
The economy will be sending mixed signals for the next few months:

* Consumers are taking the lead in the recovery and have registered the biggest gain in the 22 year history of the Conference Board Index of Consumer Confidence.
* The University of Michigan Confidence Index jumped up significantly in March.
* The average workweek of factory workers declined only marginally.
* Housing permits increased by 2.4% in March above the revised February figure.
* Index of Industrial Production fell only .3%, compared to February's .9%.
* Trade deficit narrowed by $5.3 bil.
* Purchasing Managers index rose to 40% in March from 38.5% in February, and 37.7% in January.
* Construction spending in February fell just .1% compared to drops of 2.8% and 2.1% in January and December, respectively.
* Orders for durables fell .3% in February, the smallest decline in the last three months.

THE ABOVE INDICATORS LEAD KEDI TO BELIEVE THAT THE ECONOMY IS PULLING OUT OF THE RECESSION TROUGH.

TABLE 1.11
SELECTED INDICATORS I.
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR Unit | GNP $82 bil. | Index of ind. prod. 1987=100 | Unemployment % | Capacity util'n rate % | Private housing starts mil. | Auto sales mil. |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 108.3 | 5.51 | 82.0 | 1.182 | 9.3 |
| 1991:1 | 4123.9 | 105.9 | 6.52 | 79.6 | .865P | 8.7 |
| 2 | 4148.5 | 106.2 | 6.48 | 79.5 | .937 | 8.9 |
| 3 | 4173.1 | 107.0 | 6.34 | 80.0 | 1.163 | 9.4 |
| 4 | 4201.2 | 109.7 | 5.99 | 81.4 | 1.191 | 10.0 |
| YEAR | 4161.7 | 107.2 | 6.33 | 80.1 | 1.039 | 9.2 |
| % change from '90 | .1 | -1.0 | 14.9 | -2.3 | -12.1 | -.5 |
| 1992:1 | 4240.0 | 110.8 | 5.85 | 82.0 | 1.141 | 9.6 |
| 2 | 4266.4 | 111.2 | 5.57 | 82.9 | 1.203 | 10.0 |
| 3 | 4286.3 | 113.0 | 5.48 | 83.4 | 1.324 | 10.3 |
| 4 | 4317.8 | 114.2 | 5.29 | 84.0 | 1.248 | 10.2 |
| YEAR | 4277.6 | 112.3 | 5.55 | 83.1 | 1.229 | 10.0 |
| % change from '91 | 2.8 | 4.8 | -12.4 | 3.7 | 18.3 | 8.4 |
| 1993:1 | 4339.2 | 115.0 | 5.56 | 84.1 | 1.156 | 9.8 |
| 2 | 4365.4 | 115.8 | 5.48 | 84.1 | 1.237 | 10.3 |
| 3 | 4387.6 | 117.1 | 5.43 | 84.2 | 1.335 | 10.5 |
| 4 | 4415.7 | 117.9 | 5.46 | 84.3 | 1.310 | 10.8 |
| YEAR | 4377.0 | 116.5 | 5.48 | 84.2 | 1.260 | 10.4 |
| % change from '92 | 2.3 | 3.7 | -1.2 | 1.3 | 2.5 | 3.2 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

HEALTHY GAINS IN 1991:1 WERE REGISTERED FOR NONDURABLES, ESPECIALLY FOOD AND KINDRED PRODUCTS, PHARMACEUTICALS, BEVERAGES, ENERGY ITEMS AND CONSUMER SERVICES. Further gains are optimistic for 1991:2 and afterward.

The forecast for sales of clothing, apparel, leather products and footwear is flat for the balance of this year.

Forecast data on consumer spending for durables is mixed. A rebound in sales of motor vehicles is not expected to take place earlier than the second half of this year.

A slightly brighter picture is forecast for sales of household durables, refrigerators and other appliances, home electronics, and hardware for households.

### 1991 FORECAST DATA

Percent Change from March 1991 Forecast

| | |
|---|---|
| +11.32% | Pres. Con Expend. Services |
| + 4.47% | Pers. Con. Expend. Nondurable |
| + .49% | Pers. Con. Expend. Durable |
| - .49% | Retail Sales Total |
| - .66% | Retail Sales Nondurable |
| - .87% | Retail Sales Durable |

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

|  | *--Personal Cons. Expend.-* |  |  | *------Retail Sales-------* |  |  |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. |  |  |  |  |  |  |
| 1990* | 480.3 | 1193.7 | 1983.3 | 1798.5 | 673.2 | 1125.3 |
| 1991:1 | 451.2 | 1209.4 | 2108.0 | 1796.4 | 663.6 | 1132.8 |
| 2 | 465.7 | 1237.9 | 2160.4 | 1751.8 | 640.2 | 1111.6 |
| 3 | 497.2 | 1260.4 | 2242.9 | 1794.3 | 671.2 | 1123.1 |
| 4 | 518.9 | 1282.5 | 2322.9 | 1821.2 | 720.5 | 1100.7 |
| YEAR | 483.2 | 1247.6 | 2208.6 | 1790.9 | 673.9 | 1117.0 |
| % change from '90 | .6 | 4.5 | 11.4 | -.4 | .1 | -.7 |
| 1992:1 | 532.4 | 1309.4 | 2347.5 | 1914.6 | 728.5 | 1186.1 |
| 2 | 546.5 | 1339.2 | 2395.0 | 1968.2 | 746.3 | 1186.5 |
| 3 | 570.4 | 1380.2 | 2387.4 | 2010.4 | 762.3 | 1248.1 |
| 4 | 578.3 | 1419.7 | 2431.4 | 2087.3 | 785.5 | 1301.8 |
| YEAR | 556.9 | 1362.1 | 2390.3 | 1995.1 | 755.6 | 1230.6 |
| % change from '91 | 15.2 | 9.2 | 8.2 | 11.4 | 12.1 | 10.2 |
| 1993:1 | 584.2 | 1438.7 | 2440.3 | 2115.8 | 807.2 | 1308.6 |
| 2 | 597.8 | 1454.6 | 2504.6 | 2138.6 | 814.3 | 1324.3 |
| 3 | 611.4 | 1471.2 | 2537.5 | 2156.7 | 826.2 | 1330.5 |
| 4 | 619.8 | 1498.4 | 2613.5 | 2184.9 | 837.8 | 1347.1 |
| YEAR | 603.3 | 1465.7 | 2524.0 | 2149.0 | 821.4 | 1327.6 |
| % change from '92 | 8.3 | 7.6 | 5.6 | 7.7 | 8.7 | 7.9 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

THE U. S. DEPARTMENT OF COMMERCE IS ON A ROLLER COASTER RIDE WITH DATA RELEASES IN THEIR ESTIMATES OF GNP AND COMPONENTS.

The first estimate of GNP and components for 1991:1, released last week shows that GNP contracted by 2.8%. This is the same figure that was released for 1990:4, which was twice revised to show a decline of only 1.6%. It is expected that the fate of 1991:1 GNP will be similar, and that the actual rate of contraction will be around 2% which will be confirmed at the end of 1991:2.

The first quarter decline does not worsen the prospects of pulling out of the recession.

KEDI forecast data for GNP in 1991:2 shows a slight increase for this quarter, mainly due to stabilizing inventories, a slight improvement in residential construction, and an increase in consumer spending.

The trade gap is expected to return back to the $20 bil. level which will largely offset improvements in other components of GNP.

### 1991 FORECAST DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| + 2.80% | Federal Govt. Purch. |
| + 2.36% | State Local Purch. |
| + .56% | Pers. Con Expend. |
| + .13% | GNP |
| - 6.45% | Gross Private. Dom. Invest. |
| -38.00% | Net Exports |

# TABLE 1.13
## REAL GNP
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Gross National Product | | | | | |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 2681.6 | 688.7 | -33.8 | 333.7 | 477.1 |
| 1991:1 | 4123.9P | 2664.1P | 630.1P | 2.2P | 343.1P | 484.5P |
| 2 | 4148.5 | 2693.6 | 638.3 | -20.3 | 350.7 | 486.2 |
| 3 | 4173.1 | 2700.2 | 651.2 | -25.8 | 357.5 | 490.0 |
| 4 | 4201.2 | 2707.8 | 660.4 | -20.6 | 360.4 | 493.2 |
| YEAR | 4161.7 | 2697.5 | 645.0 | -16.1 | 352.9 | 488.5 |
| % change from '90 | .1 | .6 | -6.3 | -52.3 | 5.8 | 2.4 |
| 1992:1 | 4240.0 | 2729.7 | 670.5 | -19.3 | 363.4 | 495.7 |
| 2 | 4266.4 | 2772.0 | 648.2 | -18.4 | 364.8 | 499.8 |
| 3 | 4286.3 | 2749.0 | 686.3 | -20.5 | 367.5 | 504.0 |
| 4 | 4317.8 | 2761.4 | 697.4 | -21.1 | 372.4 | 507.7 |
| YEAR | 4277.6 | 2753.0 | 675.6 | -19.8 | 367.0 | 501.8 |
| % change from '91 | 2.8 | 2.1 | 4.7 | 22.9 | 4.0 | 2.7 |
| 1993:1 | 4339.2 | 2772.5 | 704.7 | -23.2 | 374.5 | 510.7 |
| 2 | 4365.4 | 2789.9 | 709.8 | -24.1 | 377.2 | 512.6 |
| 3 | 4387.6 | 2796.3 | 719.3 | -23.5 | 380.7 | 514.8 |
| 4 | 4415.7 | 2809.4 | 726.8 | -20.7 | 383.1 | 517.1 |
| YEAR | 4377.0 | 2792.0 | 715.1 | -22.9 | 378.9 | 513.8 |
| % change from '92 | 2.3 | 1.4 | 5.9 | 15.4 | 3.2 | 2.4 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| + 7.20% | Producer Price Index |
| + 7.06% | Pers. Cons. Expend. |
| + 4.83% | GNP |
| + 4.64% | Consumer Price Index |
| + 1.43% | State Local Purch. |
| + .81% | Federal Govt. Purch. |

FORECAST DATA SHOW THAT INFLATION WILL NOT BE A PROBLEM THIS YEAR OR IN THE FORESEEABLE FUTURE.

In March, consumer prices fell for the first time in almost five years by .1%, and the core inflation rate that excludes volatile food and energy prices rose just .1% compared to the .7% jump in February .

Producer prices fell by .3%. Forecast data for the coming months do not point to further declines. Resumption of the upward trend is expected to take place in April and afterward. However, increases in consumer prices and producer prices are expected to be moderate without any substantial hikes-- neither in totals nor in core rates.

The main factors that will contribute to moderate price hikes are expected to be: marginal increases in prices of agricultural products, stable prices of raw materials in international markets, with small increments in negotiated wage contracts, and more moderate increases in prices of energy.

TABLE 1.21
PRICES
Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1990* | 130.7 | 119.4 | 131.5 | 136.4 | 123.3 | 141.3 |
| 1991:1 | 134.5 | 123.5 | 134.9 | 140.2 | 127.1 | 147.1 |
| 2 | 136.5 | 126.7 | 135.7 | 143.5 | 122.0 | 140.1 |
| 3 | 137.6 | 129.2 | 138.8 | 148.2 | 123.0 | 142.0 |
| 4 | 138.9 | 132.6 | 141.6 | 152.3 | 125.1 | 144.1 |
| YEAR | 136.9 | 128.0 | 137.8 | 146.0 | 124.3 | 143.3 |
| % change from '90 | 4.7 | 7.2 | 4.8 | 7.1 | .8 | 1.4 |
| 1992:1 | 139.9 | 133.5 | 143.0 | 153.5 | 127.3 | 147.2 |
| 2 | 142.3 | 135.0 | 144.8 | 154.4 | 129.1 | 147.8 |
| 3 | 143.7 | 136.8 | 146.4 | 157.8 | 130.1 | 149.6 |
| 4 | 145.3 | 138.8 | 148.1 | 160.4 | 130.8 | 151.3 |
| YEAR | 142.8 | 136.0 | 145.6 | 156.5 | 129.3 | 149.0 |
| % change from '91 | 4.3 | 6.3 | 5.7 | 7.2 | 4.0 | 3.9 |
| 1993:1 | 147.2 | 140.5 | 149.9 | 162.8 | 137.1 | 158.3 |
| 2 | 148.8 | 141.9 | 151.6 | 164.9 | 137.9 | 158.8 |
| 3 | 150.1 | 143.2 | 152.7 | 166.6 | 138.7 | 159.5 |
| 4 | 152.3 | 144.8 | 154.8 | 169.6 | 139.4 | 160.2 |
| YEAR | 149.6 | 136.0 | 152.2 | 166.0 | 133.8 | 154.5 |
| % change from '92 | 4.8 | 0.0 | 4.6 | 6.0 | 3.4 | 3.7 |

*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| + 7.66% | Pers. Cons. Expend. |
| + 4.83% | GNP |
| + 3.82% | State Local Purch. |
| + 3.52% | Federal Govt. Purch. |
| - 7.36% | Gross Private Dom. Inv. |
| - 7.80% | Net Exports |

WEAKNESSES IN THE ECONOMY ARE SLOW CONSUMER SPENDING ON DURABLES, RESIDENTIAL CONSTRUCTION BUSINESS CAPITAL SPENDING, AND BUSINESS INVENTORIES.

Recently released first estimates of 1991:1 for the GNP and components listed above practically rules out any further significant declines.

It appears to be almost certain that the second and third revisions due in the coming two months, will result in more consistent data on GNP and components, mainly in data for foreign trade, which are expected to show negative figures again with smaller declines in inventory compared to the huge decline of $22 bil., as currently reported.

### TABLE 1.22
### NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | Gross National Product | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 5465.1 | 3657.3 | 741.0 | -31.2 | 424.0 | 674.1 |
| 1991:1 | 5563.1 | 3733.6 | 673.3 | 7.5 | 436.1 | 712.7 |
| 2 | 5629.5 | 3864.0 | 684.3 | -27.8 | 427.9 | 681.2 |
| 3 | 5792.3 | 4000.5 | 690.3 | -34.1 | 439.7 | 695.8 |
| 4 | 5948.9 | 4124.3 | 701.2 | -38.2 | 450.9 | 710.7 |
| YEAR | 5733.5 | 3930.6 | 687.3 | -23.2 | 438.6 | 700.1 |
| % change from '90 | 4.9 | 7.5 | -7.3 | -25.8 | 3.5 | 3.9 |
| 1992:1 | 6063.2 | 4189.3 | 710.9 | -29.3 | 462.6 | 729.7 |
| 2 | 6177.7 | 4280.7 | 718.5 | -31 1 | 471.0 | 738.7 |
| 3 | 6275.1 | 4338.0 | 732.6 | -27.[illegible] | 478.1 | 754.0 |
| 4 | 6394.7 | 4429.4 | 740.5 | -30.5 | 487.1 | 768.2 |
| YEAR | 6227.7 | 4309.4 | 725.6 | -29.6 | 474.7 | 747.6 |
| % change from '91 | 8.6 | 9.6 | 5.6 | 28.0 | 8.2 | 6.8 |
| 1993:1 | 6504.5 | 4463.2 | 747.6 | -28.2 | 513.4 | 808.4 |
| 2 | 6617.9 | 4557.0 | 752.4 | -25.6 | 520.2 | 814.0 |
| 3 | 6699.9 | 4620.1 | 760.3 | -29.7 | 528.0 | 821.1 |
| 4 | 6835.5 | 4731.7 | 768.5 | -27.1 | 534.0 | 828.4 |
| YEAR | 6664.4 | 4593.0 | 757.2 | -27.6 | 523.9 | 818.0 |
| % change from '92 | 7.0 | 6.6 | 4.4 | -6.7 | 10.4 | 9.4 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| +14.93% | Unemployment |
| + 2.86% | Non Agriculture |
| + 2.78% | Total Employed |
| + 1.88% | Civilian Labor Force |
| 0.00% | Agriculture |
| - 1.63% | Population |

THE UMEMPLOYMENT RATE ROSE TO 6.8% IN MARCH REACHING THE SAME LEVEL OF LATE 1986. Interestingly, however, the year of 1986 has been considered the year of continuous expansion of the economy.

Forecast data indicate that the March unemployment rate is near the peak or has already peaked. The April figure is expected to be near the March figure, even a bit higher perhaps, but will start declining in the following months.

The unemployment rate is not a reliable indicator of the status of the economy since it tends to lag behind in recovery. It may continue to be high even after the economy begins to expand again.

KEDI forecast data indicate that more significant declines in the rate of unemployment are expected to take place in the last quarter of this year and continue its decline in 1992.

TABLE 1.30
EMPLOYMENT & LABOR
Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Popu-lation | Civil. labor force | Total | Agri-cult. | Non-agric. | Unem-ploy-ment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1990* | 260.9 | 125.0 | 116.9 | 3.2 | 113.7 | 5.51 |
| 1991:1 | 264.6 | 126.5 | 118.3 | 3.2 | 115.1 | 6.52 |
| 2 | 264.5 | 126.9 | 118.2 | 3.2 | 115.0 | 6.48 |
| 3 | 265.1 | 127.8 | 119.7 | 3.2 | 116.5 | 6.34 |
| 4 | 262.4 | 128.2 | 120.5 | 3.2 | 114.2 | 5.99 |
| YEAR | 264.1 | 127.3 | 120.3 | 3.2 | 117.1 | 6.33 |
| % change from '90 | 1.2 | 1.9 | 1.8 | 0.0 | 3.0 | 14.9 |
| 1992:1 | 267.3 | 128.9 | 121.4 | 3.2 | 118.2 | 5.85 |
| 2 | 268.4 | 130.1 | 122.9 | 3.2 | 119.7 | 5.57 |
| 3 | 269.2 | 130.9 | 123.7 | 3.2 | 120.5 | 6.28 |
| 4 | 269.2 | 131.8 | 124.8 | 3.2 | 121.6 | 5.97 |
| YEAR | 268.5 | 130.4 | 123.2 | 3.2 | 120.0 | 5.55 |
| % change from '91 | 1.7 | 2.4 | 2.7 | 0.0 | 2.5 | -12.40 |
| 1993:1 | 269.8 | 132.6 | 125.2 | 3.2 | 122.0 | 5.56 |
| 2 | 270.3 | 133.4 | 126.1 | 3.2 | 122.9 | 5.48 |
| 3 | 271.2 | 134.3 | 127.0 | 3.2 | 123.8 | 5.43 |
| 4 | 272.1 | 135.4 | 128.0 | 3.2 | 124.8 | 5.46 |
| YEAR | 270.9 | 133.9 | 126.6 | 3.2 | 123.4 | 5.48 |
| % change from '92 | .9 | 2.7 | 2.7 | 0.0 | 2.8 | -1.17 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| + 6.15% | 1-family housing new |
| + 2.22% | 1-family housing existing |
| - 7.79% | Mobile home shipments |
| -11.18% | Permits issued |
| -11.95% | Single family housing starts |
| -19.95% | Multiple family housing starts |

HOUSING IS ALMOST ALWAYS THE FIRST SEGMENT OF THE ECONOMY TO PERK UP. IN MARCH, HOUSING PERMITS WERE UP BY 2.4% OVER FEBRUARY AND SALES OF HOMES ROSE BY .6% IN THE SAME PERIOD.

With the jump in sales of new and existing homes in February, and surveys by the Mortgage Bankers Association the National Association of Home Builders suggest that sales--especially for the entry-level and first-time buyers will continue to head up in March.

This year's monthly data on housing starts indicate that January starts was clearly the lowest point for the industry.

Though the March figure for total housing starts was a bit below the February figures, the outlook remains positive because the February total has been inflated due to the exceptionally mild weather, especially in the Midwest.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | .910 | .297 | .199 | 1.068 | 156.9 | 118.5 |
| 1991:1 | .684P | .181P | .166P | .738P | 160.4 | 118.9 |
| 2 | .728 | .209 | .178 | .946 | 162.1 | 119.3 |
| 3 | .879 | .284 | .190 | .992 | 170.8 | 122.5 |
| 4 | .914 | .277 | .200 | 1.012 | 172.9 | 123.8 |
| YEAR | .801 | .238 | .183 | .922 | 166.6 | 121.1 |
| % change from '90 | -12.0 | -19.9 | -7.8 | -13.7 | 6.2 | 2.2 |
| 1992:1 | .865 | .276 | .196 | .964 | 173.6 | 125.1 |
| 2 | .934 | .269 | .210 | .984 | 177.8 | 127.9 |
| 3 | .998 | .326 | .229 | 1.178 | 180.2 | 130.4 |
| 4 | .932 | .316 | .201 | 1.108 | 190.3 | 134.6 |
| YEAR | .932 | .297 | .209 | 1.058 | 180.5 | 129.5 |
| % change from '91 | 16.3 | 24.8 | 13.9 | 14.8 | 8.4 | 6.9 |
| 1993:1 | .904 | .252 | .196 | .956 | 194.3 | 135.2 |
| 2 | .948 | .289 | .204 | .994 | 197.6 | 137.3 |
| 3 | .989 | .346 | .218 | 1.157 | 199.2 | 138.7 |
| 4 | .992 | .318 | .211 | 1.102 | 203.4 | 139.9 |
| YEAR | .958 | .301 | .207 | 1.052 | 198.6 | 137.8 |
| % change from '92 | 2.8 | 1.5 | -.8 | -.6 | 10.1 | 6.4 |

*Historical data. R = Revised. P = Preliminary.
**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| + 6.67% | Dealer Inventory |
| - 2.59% | Imported Car Sales |
| - 3.05% | Light Truck Sales |
| - 4.46% | Total Total Sales |
| - 5.22% | Shipments |
| - 5.51% | Domestic Car Sales |

FORECAST DATA SHOW THAT THE WEAKNESS IN AUTOMOTIVE MARKETS WILL CONTINUE THROUGH THE REST OF THIS QUARTER. Car sales are expected to start improving in 1991:3 and accelerate in 1991:4.

In mid-April, sales of cars and light trucks fell by 11.6% compared to sales of a year earlier. Cars sold at the annual rate of 5.6 mil., well behind the pace of 6.4 mil. in the same period last year. Sales of light-duty trucks dipped by 8.2%.

The April decline hit mostly the Big Three automakers whose sales fell 17.8% while Japanese "transplants" increased by 13.3%.

DO NOT LOOK FOR SIGNIFICANT IMPROVEMENTS THROUGH THE REMAINDER OF THIS YEAR.

Indications of improved consumer confidence are certainly a good thing, but what is important for car buyers is not so much an increased confidence, but their income, price, and interest rates on car loans which are not expected significantly in the coming months.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 9.3 | 6.7 | 2.6 | 1.5 | 6.7 | 4.1 |
| 1991:1 | 8.7 | 6.1 | 2.6 | 1.5 | 6.0 | 3.7 |
| 2 | 8.9 | 6.1 | 2.8 | 1.5 | 6.1 | 3.9 |
| 3 | 9.4 | 6.4 | 3.0 | 1.6 | 6.5 | 4.2 |
| 4 | 10.0 | 7.1 | 2.9 | 1.6 | 6.8 | 4.1 |
| YEAR | 9.2 | 6.4 | 2.8 | 1.6 | 6.3 | 4.0 |
| % change from '90 | -.5 | -4.1 | 8.7 | 6.7 | -5.2 | -3.0 |
| 1992:1 | 9.6 | 6.4 | 3.2 | 1.6 | 6.9 | 4.2 |
| 2 | 10.0 | 6.8 | 3.2 | 1.6 | 7.1 | 4.6 |
| 3 | 10.3 | 7.1 | 3.2 | 1.7 | 7.4 | 4.6 |
| 4 | 10.2 | 6.9 | 3.3 | 1.7 | 7.3 | 4.5 |
| YEAR | 10.0 | 6.8 | 3.2 | 1.7 | 7.2 | 4.5 |
| % change from '91 | 8.4 | -5.8 | 14.2 | 6.2 | 13.0 | 12.6 |
| 1993:1 | 9.8 | 6.5 | 3.3 | 1.7 | 7.0 | 4.5 |
| 2 | 10.2 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| 3 | 10.8 | 7.2 | 3.3 | 1.8 | 7.2 | 4.6 |
| 4 | 10.7 | 7.4 | 3.4 | 1.8 | 7.2 | 4.6 |
| YEAR | 10.4 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| % change from '92 | 3.2 | .1 | 3.1 | 5.9 | -.7 | 2.2 |

*Historical data. R = Revised. P = Preliminary.
**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| +67.24% | Federal Surplus Deficit |
| +18.05% | State Corp. Tax Accrued |
| +12.47% | Federal Income Tax |
| +10.36% | State Income Tax |
| + 8.97% | State Surplus Deficit |
| + 3.52% | Corporate Profit Tax Accrued |

THE ADMINISTRATION'S LATEST FORECAST OF FEDERAL BUDGET DEFICIT CALLS FOR $318 BIL. IN FISCAL YEAR 1992 WHICH STARTS OCT. 1 THIS YEAR.

As in previous issues of this Survey, KEDI maintains its forecast of the Federal budget deficits in fiscal years 1991 (current) through 1995 which shows the budget deficit in FY 1996 of approximately $90 bil., contrary to the Administration's forecast of a balanced budget, i.e., near-zero dificit in that fiscal year.

FORECAST OF FEDERAL BUDGET DEFICITS

| Fiscal year | bil. $ |
|---|---|
| 1991 (current) | 350 |
| 1992 | 280 |
| 1993 | 194 |
| 1994 | 126 |
| 1995 | 119 |
| 1996 | 92 |

### TABLE 1.50
### FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----FEDERAL | ----------- | ----------* | *---STATE AND LOCAL | ---- | ----* |
|---|---|---|---|---|---|---|
| | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 526.7P | 111.3P | -194.6P | 197.3P | 24.2P | 39.1P |
| 1991:1 | 528.9 | 109.0 | -386.5 | 221.3 | 25.6 | 39.2 |
| 2 | 548.3 | 110.1 | -322.1 | 224.6 | 28.2 | 42.1 |
| 3 | 560.9 | 114.7 | -290.0 | 229.8 | 29.1 | 43.2 |
| 4 | 584.8 | 122.5 | -267.1 | 237.2 | 30.9 | 45.5 |
| YEAR | 555.7 | 114.1 | -316.4 | 228.2 | 28.4 | 42.5 |
| % change from '90 | 5.5 | 2.5 | 62.6 | 15.7 | 17.6 | 8.7 |
| 1992:1 | 599.4 | 128.4 | -236.1 | 245.3 | 31.8 | 46.1 |
| 2 | 620.3 | 133.5 | -217.2 | 249.2 | 32.6 | 47.0 |
| 3 | 648.7 | 141.9 | -213.0 | 256.3 | 35.4 | 48.3 |
| 4 | 659.5 | 147.2 | -190.1 | 263.7 | 36.0 | 49.2 |
| YEAR | 632.0 | 137.8 | -214.1 | 253.6 | 34.0 | 47.6 |
| % change from '91 | 13.7 | 20.8 | -32.3 | 11.1 | 19.3 | 12.1 |
| 1993:1 | 688.4 | 150.6 | -160.3 | 278.2 | 36.8 | 50.2 |
| 2 | 713.2 | 155.3 | -142.6 | 285.7 | 38.2 | 51.8 |
| 3 | 740.1 | 159.2 | -131.2 | 293.4 | 39.1 | 53.2 |
| 4 | 766.5 | 163.4 | -114.5 | 299.2 | 40.7 | 54.1 |
| YEAR | 727.0 | 157.1 | -137.2 | 289.1 | 38.7 | 52.3 |
| % change from '92 | 15.0 | 14.1 | -35.9 | 14.0 | 14.0 | 9.8 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| + 6.20% | Personal Income |
| + 5.98% | Comp. of Employees |
| + 5.19% | Personal Disp. Income |
| + 3.32% | Personal Savings |
| + 2.49% | Average Weekly Earnings |
| + 1.61% | Corporate After Tax Profit |

FORECAST DATA OF PERSONAL INCOME AND PERSONAL DISPOSABLE INCOME COMPONENTS SUGGEST THAT BOTH AGGREGATES WILL RESUME THEIR NORMAL UPWARD TRENDS IN THE SECOND HALF OF THIS YEAR, NOTABLY IN "COMPENSATION OF EMPLOYEES" COMPONENT.

The outlook for corporate profits for this year remains bleak. This year's total corporate after-tax profits are expected to be slightly above those of last year, with significant differences among segments of the economy.

For manufacturing, forecast data of profits with IVA for major segments, in bil. $, are:

| | 1990 | 1991 |
|---|---|---|
| Durable goods | | |
| Primary metals | 4.1 | 4.2 |
| Fab. metal prod. | 5.1 | 4.9 |
| Nonelect. mach. | 6.7 | 6.4 |
| Elect. mach. | 7.6 | 7.8 |
| Motor vehicles | -6.9 | -1.1 |
| Other | 15.5 | 17.4 |
| Nondurable goods | | |
| Food & kindred | 14.1 | 14.5 |
| Chem. & allied | 21.5 | 21.7 |
| Petr. & coal prod | 4.4 | 4.5 |
| Other | 18.3 | 18.9 |

TABLE 1.60
INCOME
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1990* | 4645.5 | 3946.1 | 3309.7 | 173.4 | 180.1 | 443.5 |
| 1991:1 | 4702.6P | 4064.7P | 3438.1P | 171.1 | 160.4P | 449.0P |
| 2 | 4816.7 | 4043.8 | 3462.0 | 172.2 | 179.8 | 450.1 |
| 3 | 4980.7 | 4190.0 | 3529.5 | 175.1 | 189.5 | 457.3 |
| 4 | 5147.7 | 4325.7 | 3610.4 | 182.3 | 201.4 | 461.3 |
| YEAR | 4906.1 | 4122.1 | 3510.0 | 175.2 | 182.8 | 454.4 |
| % change from '90 | 5.6 | 4.5 | 6.1 | 1.0 | 1.5 | 2.5 |
| 1992:1 | 5483.4 | 4638.7 | 3701.2 | 184.5 | 219.0 | 464.9 |
| 2 | 5600.0 | 4730.5 | 3772.2 | 190.1 | 215.5 | 469.2 |
| 3 | 5704.4 | 4799.4 | 3859.6 | 194.8 | 222.7 | 473.4 |
| 4 | 5826.2 | 4903.0 | 3962.3 | 196.9 | 231.5 | 4183.1 |
| YEAR | 5653.5 | 4767.9 | 3823.8 | 191.6 | 222.2 | 1397.7 |
| % change from '91 | 15.2 | 15.7 | 8.9 | 9.4 | 21.6 | 207.6 |
| 1993:1 | 5966.5 | 4999.9 | 4007.6 | 199.4 | 240.7 | 485.6 |
| 2 | 6094.6 | 5095.7 | 4081.4 | 204.3 | 246.3 | 488.7 |
| 3 | 6195.7 | 5162.2 | 4153.2 | 207.6 | 249.2 | 491.2 |
| 4 | 6340.5 | 5274.8 | 4211.4 | 213.1 | 251.3 | 492.4 |
| YEAR | 6149.3 | 5133.1 | 4113.4 | 206.1 | 246.9 | 489.5 |
| % change from '92 | 8.8 | 7.7 | 7.6 | 7.6 | 11.1 | -65.0 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
March 1991
Forecast

| | |
|---|---|
| + 6.57% | Time Deposits |
| + 5.68% | Consumer install. credit |
| + 5.11% | Mortg. at all holders |
| + 5.16% | Large denom. time deposits |
| + 4.34% | Consumer demand deposits |
| + 5.16% | Large denom. time deposits |

KEDI'S OUTLOOK CALLS FOR STRONG INCREASES IN MONEY SUPPLY M1 AND M2 AND THEIR COMPONENTS THROUGHOUT THIS YEAR AND 1992.

It is anticipated that Federal Reserve policy will be that of monetary ease (not credit ease) for as long as the economy remains weak.

Data on credit markets suggest that more significant increases in the volume of credit are expected to take place in noncommercial mortgages--this quarter and afterward, while the volume of consumer installment credit, mainly in its main segment, the automobile loans, will regain vigor later on: consumer installment loans are expected to recuperate from the current weakness starting in the last quarter of this year and into 1992.

Data for bonds and stock markets indicate a slow upward trend without any signficant drops for the rest of this year.

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TABLE 1.70

MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

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| INDI-CATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2, s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & qtr. |  |  |  |  |  |  |
| 1990* | 811.6 | 3288.9 | 741.0 | 577.2 | 530.5 | 3611.3 |
| 1991:1 | 830.9 | 3372.9 | 742.0 | 578.9 | 536.0 | 3644.9 |
| 2 | 840.1 | 3451.0 | 750.7 | 580.1 | 547.1 | 3674.5 |
| 3 | 848.9 | 3568.1 | 771.0 | 586.8 | 550.6 | 3788.3 |
| 4 | 862.7 | 3630.7 | 783.2 | 593.2 | 558.1 | 3794.6 |
| YEAR | 845.6 | 3505.7 | 783.2 | 593.2 | 558.1 | 3794.6 |
| % change from '90 | 4.2 | 6.6 | 5.7 | 5.3 | 5.2 | 5.1 |
| 1992:1 | 878.9 | 3650.6 | 807.4 | 596.4 | 572.0 | 3842.5 |
| 2 | 882.6 | 3719.4 | 828.5 | 599.7 | 581.0 | 3879.8 |
| 3 | 896.7 | 3794.5 | 844.2 | 607.2 | 585.6 | 3949.0 |
| 4 | 903.8 | 3861.1 | 851.5 | 618.5 | 596.7 | 3975.3 |
| YEAR | 890.5 | 3756.4 | 851.5 | 618.5 | 596.7 | 3975.3 |
| % change from '91 | 5.3 | 7.2 | 8.7 | 4.3 | 6.9 | 4.8 |
| 1993:1 | 910.4 | 3936.2 | 859.7 | 621.3 | 604.3 | 4034.2 |
| 2 | 918.2 | 4011.5 | 870.3 | 624.1 | 614.8 | 4096.7 |
| 3 | 924.3 | 4094.3 | 880.5 | 626.3 | 617.8 | 4163.2 |
| 4 | 932.8 | 4189.1 | 893.4 | 630.5 | 628.5 | 4227.5 |
| YEAR | 921.4 | 4057.8 | 893.4 | 630.5 | 628.5 | 4227.5 |
| % change from '92 | 3.5 | 8.0 | 4.9 | 1.9 | 5.3 | 6.3 |

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*Historical data. n.s.a: not seasonally adjusted.

s.a.: seasonally adjusted at annual rates.

R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

### 1991 FORECAST DATA

Percent Change from March 1991 Forecast

| | |
|---|---|
| +15.37% | S & P's 500 Avg. |
| - 2.39% | Aaa Corp. Bonds |
| - 5.15% | 30 year govt. bold yield |
| - 5.32% | Conv. mortg. rate |
| - 9.68% | Prime Rate |
| -20.64% | Treasury bills 3 mo. yield |

FORECAST DATA FOR INTEREST RATES POINT TO SOME DECLINES.

Main factors underlying KEDI's interest rates outlook are forecast data on expected developments in financial markets overseas and in domestic financial markets.

The international outlook speaks quite convincingly that the other leading countries, especially Germany, are not inclined to lower their interest rates now or in the foreseeable future. They have adopted an inflationary policy that will not be reversed by the wishes of the U.S.

U. S. financial markets are also expected to remain tight for a long time ahead since much of the capital formation will be absorbed to satisfy needs of the Federal budget to cover hugh deficits expected to persist for years ahead, and to finance overseas projects, especially in Western and Eastern Europe. In coming months, some declines in interest rates may take place, but not profound and long-lasting.

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES

Quarterly averages of monthly figures.

| INDICATOR<br>Unit | Treas. bills 3 mo. yield<br>% | Prime rate<br>% | Conv. mortg rate<br>% | Aaa corp. bond rate<br>% | 30 yr. Govt. bonds yield<br>% | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | 7.51 | 10.00 | 9.76 | 9.40 | 8.55 | 332.88 |
| 1991:1 | 5.97 | 9.00 | 9.34P | 9.01P | 8.19P | 377.71P |
| 2 | 5.88 | 8.79 | 9.28 | 9.08 | 8.07 | 381.49 |
| 3 | 5.94 | 8.75 | 9.12 | 9.29 | 8.06 | 392.58 |
| 4 | 6.05 | 8.87 | 9.30 | 9.32 | 8.12 | 388.98 |
| YEAR | 5.96 | 8.85 | 9.26 | 9.18 | 8.11 | 385.19 |
| % change from '90 | -20.6 | -11.5 | -5.3 | -2.4 | -5.1 | 15.7 |
| 1992:1 | 6.44 | 9.24 | 9.40 | 9.38 | 8.08 | 394.68 |
| 2 | 6.49 | 9.47 | 9.51 | 9.51 | 8.12 | 398.25 |
| 3 | 6.87 | 9.59 | 9.72 | 9.63 | 8.36 | 402.46 |
| 4 | 7.12 | 9.71 | 9.87 | 9.87 | 8.50 | 408.52 |
| YEAR | 6.73 | 9.50 | 9.62 | 9.60 | 8.27 | 400.98 |
| % change from '91 | 12.9 | 7.3 | 3.9 | 4.6 | 1.9 | 4.1 |
| 1993:1 | 7.16 | 9.89 | 10.02 | 10.06 | 8.41 | 408.56 |
| 2 | 7.22 | 10.15 | 10.14 | 10.14 | 8.36 | 407.32 |
| 3 | 7.29 | 10.24 | 10.34 | 10.22 | 8.28 | 410.71 |
| 4 | 7.48 | 10.36 | 10.65 | 10.29 | 8.22 | 407.23 |
| YEAR | 7.29 | 10.16 | 10.29 | 10.18 | 8.32 | 408.45 |
| % change from '92 | 8.3 | 6.9 | 6.9 | 6.0 | .6 | 1.9 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue GNP in const. 1982 $ has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure has been released by the U. S. Department of Commerce March 27, 1991.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Car Sales
(1990:4, bil. 82$, seas. adj.)
Actual figure: 4153.4

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 4253.0 | + 2.4 |
| Ameritrust, OH | 12/89 | 4267.3 | + 2.7 |
| Fidelity, Philadelphia, PA | 12/89 | 4223.0 | + 1.7 |
| First National of Chicago, IL | 12/89 | 4264.7 | + 2.7 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 4262.0 | + 2.6 |
| Manufacturers Hanover Trust, NY | 12/89 | 4177.0 | + .6 |
| Marine Midland, NY | 12/89 | 4287.3 | + 3.2 |
| National City Bank, OH | 12/89 | 4255.0 | + 2.4 |
| Shawmut of Boston, MA | 12/89 | 4255.0 | + 2.4 |
| Society National Bank, OH | 12/89 | 4247.0 | + 2.3 |
| Valley National Bank, AR | 12/89 | 4265.0 | + 2.7 |
| Metropolitan Life, NY | 12/89 | 4190.9 | + .9 |
| Shearson Lehman, NY | 12/89 | 4253.0 | + 2.4 |
| K.E.D.I., Inc, | 12/89 | 4250.9 | + 2.3 |
| Fleet Nat'l Bk, Providence, RI | 12/89 | 4261.1 | + 2.6 |
| Morgan Guaranty, NY | 12/89 | 4246.0 | + 2.2 |
| Wells Fargo Bank, CA | 12/89 | 4247.3 | + 2.2 |
| Equitable Life | 12/89 | 4251.7 | + 2.4 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

### TABLE 3.00

### HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

## TABLE 3.00

## HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

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KENT ECONOMIC
AND DEVELOPMENT
INSTITUTE, INC.

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# KEDI ECONOMIC SURVEY

May 1991

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SOURCES:

The U. S. Department of Commerce, first estimates of 1991:1, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, May 1991.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Signals of recovery are appearing more frequently documenting that the economy is turning around.

### Prices

In April, consumer prices rose a moderate .2% after falling .1% in March.

### Employment & Labor

During April, the jobless rate fell to 6.6% from March's 6.8%.

### Housing

The housing slump has clearly bottomed out. Data point to January to be the month of the end of the slide.

### Automobiles

Sales of domestically-built cars and trucks rose by 4.8% in the middle of May over the comparable period of last year.

### Budgets

KEDI maintains its position that the Federal budget deficit cutting plan cannot succeed without tax increases and further cuts.

### Income

In March, personal income and personal disposable income increased by .2% each.

### Money & Credit

Forecast data for the rest of this year call for accelerated growth in money supply M1, with moderate growth in M2.

### Interest Rates, Yields & Securities Prices

Declines in short-term interest rates are behind us and no more significant decreases will take place through the rest of the year.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with China, the USSR, and East Europe will expand in 1991 and following years | January 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the May 1991 KEDI forecast. | |
| * | Growth will slow down in the first half of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the first half of 1991 interest rates will be declining. | December 1990 |
| * | Federal budget deficits will keep declining in 1992 and the following years. | October 1990 |
| * | The 1990 export-import gap will start closing to a more acceptable level in 1991 and afterward. | October 1990 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1989, 1990 and 1991 are on pages indicated below.

| Indicator | Unit | 1990 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4123.9 | 4499.5 | 4630.0 | 4773.5 |
| product, p. 5 | % change | 1.8 | 2.8 | 2.9 | 3.1 |
| Index of indust. | 1977=100 | 108.3 | 119.5 | 123.4 | 127.6 |
| prod., p. 5 | % change | 1.4 | 2.6 | 3.3 | 3.4 |
| Capacity | % | 82.0 | 84.3 | 83.8 | 83.2 |
| utiliz., p. 5 | % change | -.9 | .2 | -.6 | -.8 |
| Unemployment | % | 5.5 | 5.5 | 83.2 | 1.2 |
| rate, p. 5 | % change | .8 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.2 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -6.3 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 9.5 | 10.7 | 11.0 | 11.4 |
| p. 5 | % change | -5.0 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 131.5 | 156.9 | 162.8 | 168.1 |
| price def.,p.11 | % change | 4.1 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 82-84=100 | 130.7 | 153.8 | 159.4 | 165.4 |
| Index, p. 11 | % change | 4.8 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1982=100 | 119.4 | 147.8 | 153.7 | 159.7 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -194.6 | -114.9 | -91.4 | -74.2 |
| p. 21 | % change | -8.4 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4645.5 | 6551.3 | 7049.2 | 7627.2 |
| p. 23 | % change | 6.7 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.0 | 9.8 | 10.5 | 11.3 |
| p. 27 | % change | -3.5 | -3.6 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.8 | 10.8 | 11.1 | 10.9 |
| p. 27 | % change | -2.4 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 811.6 | 967.5 | 1019.7 | 1081.9 |
| deposits , p. 25 | % change | 3.7 | 5.0 | 5.4 | 6.1 |
| Commercial+ind. | bil. $ | 577.2 | 592.8 | 610.0 | 624.0 |
| loans, p. 25 | % change | 3.1 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 93.1 | 92.4 | 93.4 | 90.2 |
| production | % change | 1.3 | -.7 | 1.0 | -3.4 |
| Electric power | mil.kw-hr | 3072 | 3176.4 | 3300.3 | 3438.9 |
| production | % change | 3.0 | 3.4 | 3.9 | 4.2 |
| Bituminous coal | mil.sh.tons | 947 | 956.5 | 960.3 | 973.7 |
| production | % change | 1.3 | 1.0 | .4 | 1.4 |
| Crude oil | avg. daily bbl. | 2973 | 3032.5 | 3062.8 | 3090.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2316.6 | 2481.1 | 2662.3 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

## 1.11 REAL GROWTH

See Table 1.11
Page 5

SIGNALS OF RECOVERY ARE APPEARING MORE FREQUENTLY DOCUMENTING THAT THE ECONOMY IS TURNING AROUND.

* For the first time in four months of this year, factory orders rose for durables.

* In the first week in May, state unemployment insurance claims fell again by 5,000 to 454,000--well below recent peaks.

* The Index of leading indicators rose in April for the second straight month.

* In April, the Index of Purchasing Managers rose to 42,1% from 40% in March.

* Single-family housing starts rose again in April for the third straight month.

* April retail sales remained strong compared to sales in 1991:1.

* Car sales improved a bit in April compared to sales in January-March of this year.

Data indicate that for the balance of this year, the upward trend will be moderate. More significant gains in economic activity are predicted to take place in 1992 and following years.

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + 7.10% | Private housing starts |
| + 1.36% | Autos |
| + .99% | Unemployment |
| + .09% | Capacity Util. |
| + .08% | GNP |
| - .12% | Index Indust. Prod. |

## TABLE 1.11
## SELECTED INDICATORS I.

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unem-ployment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 108.3 | 5.51 | 82.0 | 1.193 | 9.5 |
| 1991:1 | 4123.9P | 105.4P | 6.52 | 79.6 | .865 | 8.7 |
| 2 | 4148.5 | 106.0 | 6.53 | 79.7 | 1.005 | 9.0 |
| 3 | 4178.4 | 107.2 | 6.38 | 80.0 | 1.153 | 9.6 |
| 4 | 4209.9 | 109.7 | 6.02 | 81.4 | 1.261 | 10.0 |
| YEAR | 4165.2 | 107.1 | 6.36 | 80.2 | 1.071 | 9.3 |
| % change from '90 | .2 | -1.1 | 15.5 | -2.2 | -10.2 | -1.8 |
| 1992:1 | 4240.8 | 110.8 | 5.89 | 82.0 | 1.136 | 9.6 |
| 2 | 4260.4 | 111.3 | 5.67 | 82.9 | 1.200 | 10.0 |
| 3 | 4280.3 | 113.0 | 5.48 | 83.4 | 1.304 | 10.3 |
| 4 | 4307.8 | 114.2 | 5.29 | 84.0 | 1.248 | 10.2 |
| YEAR | 4272.3 | 112.3 | 5.58 | 83.1 | 1.222 | 10.0 |
| % change from '91 | 2.6 | 4.9 | -12.3 | 3.6 | 14.1 | 7.5 |
| 1993:1 | 4339.2 | 115.0 | 5.56 | 84.1 | 1.156 | 9.8 |
| 2 | 4365.4 | 115.8 | 5.48 | 84.1 | 1.237 | 10.3 |
| 3 | 4387.6 | 117.1 | 5.43 | 84.2 | 1.335 | 10.5 |
| 4 | 4415.7 | 117.9 | 5.46 | 84.3 | 1.310 | 10.8 |
| YEAR | 4377.0 | 116.5 | 5.48 | 84.2 | 1.260 | 10.4 |
| % change from '92 | 2.4 | 3.7 | -1.8 | 1.3 | 3.1 | 3.2 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + 5.18% | Retail Sales Nondurable |
| + 4.18% | Retail Sales Total |
| + 2.53% | Retail Sales Durable |
| + 1.38% | Pers. Con. Expend. Durable |
| + .80% | Pers. Con. Expend. Nondurable |
| - 2.41% | Pers. Con. Expend. Services |

IN MARCH, PERSONAL INCOME ROSE BY .2% AND CONSUMER SPENDING BY .6% COMPARED TO FEBRUARY.

Spending on durable goods increased by $7.2 bil. after gaining $19.6 bil. in February.

April figures for retail sales also point in a positive direction. Though the total of sales fell slightyly, by .1%, compared to March, the March total has been revised upward to a .4% gain, which leaves the April sales significantly above the January and February levels.

In April, sales of autos went up by .3% followed by the increase in March of .9%.

The outlook for retail sales for the rest of this year calls for strong sales of household goods, home building materials, and household electronics, moderate increases in food and kindred products, and petroleum and coal products, and flat performance in textile, apparel, leather and footwear.

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| | *--Personal Cons. Expend.-* | | | *------Retail Sales-------* | | |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1990* | 480.3 | 1193.7 | 1983.3 | 1798.5 | 673.2 | 1125.3 |
| 1991:1 | 451.2P | 1209.4P | 2108.0P | 1796.4P | 663.6P | 1132.8P |
| 2 | 469.9 | 1242.9 | 2125.7 | 1851.2 | 680.4 | 1170.8 |
| 3 | 508.4 | 1278.4 | 2141.4 | 1894.3 | 698.2 | 1196.1 |
| 4 | 529.9 | 1299.5 | 2212.2 | 1921.2 | 721.5 | 1199.7 |
| YEAR | 489.8 | 1257.6 | 2146.7 | 1865.8 | 690.9 | 1174.9 |
| % change from '90 | 2.0 | 5.3 | 8.2 | 3.7 | 2.6 | 4.4 |
| 1992:1 | 532.0 | 1309.6 | 2291.5 | 1954.6 | 728.4 | 1226.2 |
| 2 | 546.5 | 1339.2 | 2318.1 | 1988.2 | 746.6 | 1186.5 |
| 3 | 561.4 | 1380.2 | 2322.7 | 2029.4 | 762.3 | 1267.1 |
| 4 | 578.3 | 1419.7 | 2370.7 | 2087.3 | 785.5 | 1301.8 |
| YEAR | 554.5 | 1362.2 | 2325.8 | 2014.9 | 755.7 | 1245.4 |
| % change from '91 | 13.2 | 8.3 | 8.3 | 8.0 | 9.4 | 6.0 |
| 1993:1 | 584.2 | 1438.7 | 2428.9 | 2115.9 | 807.2 | 1308.7 |
| 2 | 597.8 | 1454.6 | 2482.3 | 2138.6 | 814.3 | 1324.3 |
| 3 | 611.4 | 1471.2 | 2529.1 | 2156.7 | 826.2 | 1330.5 |
| 4 | 619.8 | 1498.4 | 2584.6 | 2184.9 | 837.8 | 1347.1 |
| YEAR | 603.3 | 1465.7 | 2506.2 | 2149.0 | 821.4 | 1327.7 |
| % change from '92 | 8.8 | 7.6 | 7.8 | 6.7 | 8.7 | 6.6 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

IN THE SECOND QUARTER OF THIS YEAR, GNP IS EXPECTED TO INCREASE SLIGHTLY OVER THE LEVEL OF THE FIRST QUARTER.

Data for the third and fourth quarters of this year are more encouraging. In the third quarter, GNP is expected to increase by 1.7% annual rate, and by 2.3% in the fourth quarter. That will bring the year total slightly above the 1990 level.

Main increases are expected to come from consumer spending and residential construction. Business capital outlays will remain weak throughout the rest of the year

Data for 1992 and 1993 show that GNP will grow by 2.5% and 2.6% respectively in these years.

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + .08% | GNP |
| - .04% | Pers. Cons. Expend. |
| - .06% | State Local Purch. |
| - .07% | Federal Govt. Purch. |
| - .53% | Gross Private Dom. Invest. |
| -14.91% | Net Exports |

## TABLE 1.13
## REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product----------------* | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 2681.6 | 688.7 | -33.8 | 333.7 | 477.1 |
| 1991:1 | 4123.9P | 2664.1P | 630.1P | 2.2P | 343.1P | 484.5P |
| 2 | 4148.5 | 2696.4 | 632.3 | -16.3 | 350.1 | 486.0 |
| 3 | 4178.4 | 2705.6 | 646.5 | -20.1 | 357.0 | 489.4 |
| 4 | 4209.9 | 2719.7 | 657.4 | -20.6 | 360.4 | 493.0 |
| YEAR | 4165.2 | 2696.4 | 641.6 | -13.7 | 352.6 | 488.2 |
| % change from '90 | .2 | .6 | -6.8 | -59.5 | 5.7 | 2.3 |
| 1992:1 | 4240.8 | 2736.6 | 664.2 | -19.1 | 363.4 | 495.7 |
| 2 | 4260.4 | 2742.7 | 671.1 | -18.0 | 364.8 | 499.8 |
| 3 | 4280.3 | 2749.0 | 680.3 | -20.5 | 367.5 | 504.0 |
| 4 | 4307.8 | 2751.8 | 697.0 | -21.1 | 372.4 | 507.7 |
| YEAR | 4272.3 | 2745.0 | 678.1 | -19.7 | 367.0 | 501.8 |
| % change from '91 | 2.6 | 1.8 | 5.7 | 43.6 | 4.1 | 2.8 |
| 1993:1 | 4339.2 | 2772.5 | 704.7 | -23.2 | 374.5 | 510.7 |
| 2 | 4365.4 | 2789.9 | 709.8 | -24.1 | 377.2 | 512.6 |
| 3 | 4387.6 | 2796.3 | 719.3 | -23.5 | 380.7 | 514.8 |
| 4 | 4415.7 | 2809.4 | 726.8 | -20.7 | 383.1 | 517.1 |
| YEAR | 4377.0 | 2792.0 | 715.1 | -22.9 | 378.9 | 513.8 |
| % change from '92 | 2.4 | 1.7 | 5.5 | 16.3 | 3.2 | 2.4 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | | |
|---|---|---|
| + | .32% | Federal Govt. Purch. |
| - | .19% | State Local Purch. |
| - | .24% | Consumer Price Index |
| - | .67% | GNP |
| - | 1.30% | Pers. Cons. Expend. |
| - | 1.91% | Producer Price Index |

IN APRIL, CONSUMER PRICES ROSE A MODERATE .2% AFTER FALLING .1% IN MARCH.

Producer prices for finished goods also edged up .2% to the level of only 3.2% above that of a year earlier.

Forecast data for the rest of this year and for 1992 and 1993 indicate that inflation will be moderate.

Forecast of moderate inflation is supported by the following data:

* Unit labor costs are expected to be rising only by 3% annually.

* Good crops are expected this year and in 1992-1993 in major producing countries.

* Prices of energy are predicted to increase only moderately.

* World prices of raw materials will remain stable this year. In 1992-1993 they will be increasing only marginally.

## TABLE 1.21
## PRICES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1990* | 130.7 | 119.2 | 131.5 | 136.4 | 123.3 | 141.3 |
| 1991:1 | 134.7 | 122.7 | 134.9 | 141.4 | 124.1 | 142.1 |
| 2 | 135.9 | 124.3 | 135.7 | 142.4 | 124.3 | 142.6 |
| 3 | 136.8 | 126.5 | 137.3 | 145.2 | 124.8 | 143.3 |
| 4 | 138.9 | 128.7 | 139.6 | 148.6 | 125.6 | 144.1 |
| YEAR | 136.6 | 125.5 | 136.9 | 144.4 | 124.7 | 143.0 |
| % change from '90 | 4.5 | 5.3 | 4.1 | 5.9 | 1.1 | 1.2 |
| 1992:1 | 139.1 | 130.1 | 141.2 | 151.0 | 127.0 | 145.0 |
| 2 | 141.6 | 132.6 | 142.9 | 153.3 | 128.6 | 146.8 |
| 3 | 142.7 | 134.1 | 144.8 | 155.1 | 130.1 | 148.9 |
| 4 | 144.6 | 136.2 | 147.0 | 158.8 | 130.8 | 151.0 |
| YEAR | 142.0 | 133.2 | 144.0 | 154.5 | 129.1 | 147.9 |
| % change from '91 | 4.0 | 6.1 | 5.2 | 7.0 | 3.5 | 3.4 |
| 1993:1 | 146.1 | 138.4 | 148.6 | 160.6 | 131.9 | 153.3 |
| 2 | 147.3 | 140.0 | 150.3 | 162.5 | 132.7 | 155.9 |
| 3 | 149.0 | 141.6 | 152.1 | 164.9 | 134.0 | 159.5 |
| 4 | 150.9 | 143.5 | 153.8 | 167.4 | 135.4 | 160.2 |
| YEAR | 148.3 | 140.9 | 151.2 | 163.9 | 133.5 | 157.2 |
| % change from '92 | 4.5 | 5.7 | 5.0 | 6.0 | 3.4 | 6.3 |

---

*Historical data. R = Revised. P = Preliminary.

**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + .68% | Federal Govt. Purch. |
| - .26% | State Local Purch. |
| - .30% | Gross Private Dom. Invest. |
| - .56% | GNP |
| - .93% | Personal Cons. Expend. |
| -32.00% | Net Exports |

THE OUTLOOK FOR 1992-1993 IS POSITIVE: MODERATE INCREASES IN GNP TOTALS IN BOTH YEARS ARE PREDICTED.

Forecast data for components of nominal GNP in the second half of this year show a more traditional pattern: business inventories are expected to keep increasing compared to their declines in the first half of the year.

The growth in business capital outlays will resume and consumer spending on durables will regain strength.

Data on foreign trade show moderate increases in exports while imports are expected to increase significantly mainly due to gains in imports of oil, crude materials and consumer goods.

## TABLE 1.22
## NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product---------------* | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 5465.1 | 3657.3 | 741.0 | -31.2 | 424.0 | 674.1 |
| 1991:1 | 5563.1 | 3768.1 | 673.3 | 7.5 | 425.8 | 688.5 |
| 2 | 5629.5 | 3838.5 | 680.1 | -17.3 | 435.2 | 693.0 |
| 3 | 5736.9 | 3928.2 | 686.3 | -24.4 | 445.5 | 701.3 |
| 4 | 5877.0 | 4041.6 | 701.2 | -28.9 | 452.7 | 710.4 |
| YEAR | 5701.7 | 3894.1 | 685.2 | -15.8 | 439.8 | 698.3 |
| % change from '90 | 4.3 | 6.5 | -7.5 | -49.4 | 3.7 | 3.6 |
| 1992:1 | 5988.0 | 4133.1 | 704.2 | -29.6 | 461.5 | 718.8 |
| 2 | 6088.1 | 4203.8 | 712.6 | -31.1 | 469.1 | 733.7 |
| 3 | 6197.9 | 4264.3 | 732.6 | -27.6 | 478.1 | 750.5 |
| 4 | 6332.5 | 4368.7 | 740.5 | -30.5 | 487.1 | 766.6 |
| YEAR | 6151.6 | 4242.5 | 722.5 | -29.7 | 474.0 | 742.4 |
| % change from '91 | 7.9 | 8.9 | 5.4 | 88.3 | 7.8 | 6.3 |
| 1993:1 | 6448.1 | 4451.8 | 747.6 | -28.2 | 494.0 | 782.9 |
| 2 | 6561.2 | 4534.7 | 752.4 | -25.6 | 500.5 | 799.1 |
| 3 | 6673.5 | 4611.7 | 760.3 | -29.7 | 510.1 | 821.1 |
| 4 | 6791.3 | 4702.8 | 768.5 | -27.1 | 518.7 | 828.4 |
| YEAR | 6618.5 | 4575.3 | 757.2 | -27.6 | 505.8 | 807.9 |
| % change from '92 | 7.6 | 7.8 | 4.8 | -6.9 | 6.7 | 8.8 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

### 1991 FORECAST DATA

Percent Change from April 1991 Forecast

| | | |
|---|---|---|
| + | .51% | Unemployment |
| + | .02% | Population |
| | 0.00% | Agriculture |
| - | .04% | Civilian Labor Force |
| - | .23% | Non Agriculture |
| - | .22% | Total Employed |

DURING APRIL, THE JOBLESS RATE FELL TO 6.6% FROM MARCH'S 6.8%.

Forecast data call for marginal but persistent declines in the unemployment rate throughout the rest of this year.

More significant drops are expected not earlier than in 1992, however.

Industries that are expected to experience highest unemployment rates in the rest of this year are:
* construction industry in its nonresidential and multi-family segments
* fabricated metal products
* nonelectrical machinery
* airlines
* banking services
* some segments of communications and retail trade.

## TABLE 1.30
## EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Popu- lation | Civil. labor force | Total | Agri- cult. | Non- agric. | Unem- ploy- ment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1990* | 260.9 | 124.8 | 117.9 | 3.2 | 114.7 | 5.51 |
| 1991:1 | 264.6 | 126.3 | 118.1 | 3.2 | 114.9 | 6.52 |
| 2 | 264.5 | 126.7 | 118.4 | 3.2 | 115.2 | 6.53 |
| 3 | 265.1 | 127.8 | 119.6 | 3.2 | 116.4 | 6.38 |
| 4 | 262.4 | 128.2 | 120.5 | 3.2 | 114.2 | 6.02 |
| YEAR | 264.1 | 127.2 | 120.0 | 3.2 | 116.8 | 6.36 |
| % change from '90 | 1.2 | 2.0 | 1.9 | 0.0 | 1.9 | 15.5 |
| 1992:1 | 267.3 | 128.5 | 120.9 | 3.2 | 117.7 | 5.85 |
| 2 | 268.4 | 130.0 | 122.6 | 3.2 | 119.4 | 5.57 |
| 3 | 269.2 | 130.9 | 123.7 | 3.2 | 120.5 | 6.28 |
| 4 | 269.2 | 131.4 | 124.4 | 3.2 | 121.2 | 5.97 |
| YEAR | 268.5 | 130.2 | 122.9 | 3.2 | 119.7 | 5.58 |
| % change from '91 | 1.7 | 2.3 | 2.6 | 0.0 | 2.5 | -12.26 |
| 1993:1 | 269.8 | 132.3 | 124.9 | 3.2 | 121.7 | 5.56 |
| 2 | 270.3 | 133.1 | 125.8 | 3.2 | 122.6 | 5.48 |
| 3 | 271.2 | 133.7 | 126.4 | 3.2 | 123.2 | 5.43 |
| 4 | 272.1 | 134.7 | 127.3 | 3.2 | 124.1 | 5.46 |
| YEAR | 270.9 | 133.4 | 126.1 | 3.2 | 122.9 | 5.48 |
| % change from '92 | .9 | 2.5 | 2.5 | 0.0 | 2.7 | -1.79 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + 8.33% | Mobile Home Shipments |
| + 5.91% | Permits Issued |
| + 3.81% | Single Family Housing Starts |
| + .41% | Multiple Family Housing Starts |
| + .02% | 1-family housing existing |
| - .03% | 1-family housing new |

THE HOUSING SLUMP HAS CLEARLY BOTTOMED OUT. DATA POINT TO JANUARY TO BE THE MONTH OF THE END OF THE SLIDE.

| 1991 | Housing Starts (mil. units) |
|---|---|
| January | .847 |
| February | .992 |
| March | .931 |
| April | .957 |

In the first quarter of this year, home sales picked up by 1.8% to an annual rate of 3.5 mil units, while prices remained low compared to those of 80s.

Building permits have also been increasing since January, in average.

Forecast data point to continuous increases in the number of single-family housing in the rest of this year and in 1992-1993.

Multi-family housing is expected to remain at low levels this year. It will only increase marginally. The outlook calls for better conditions in the multi-family segment no earlier than 1993.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | .895 | .298 | .188 | 1.111 | 156.9 | 118.5 |
| 1991:1 | .684P | .179P | .168P | .765P | 160.4 | 118.9 |
| 2 | .789 | .216 | .198 | .961 | 162.1 | 119.3 |
| 3 | .889 | .264 | .208 | 1.097 | 170.8 | 122.5 |
| 4 | .964 | .297 | .219 | 1.083 | 172.9 | 123.8 |
| YEAR | .832 | .239 | .198 | .976 | 166.6 | 121.1 |
| % change from '90 | -7.1 | -19.8 | 5.5 | -12.1 | 6.2 | 2.2 |
| 1992:1 | .860 | .276 | .196 | .960 | 173.6 | 125.1 |
| 2 | .931 | .269 | .206 | .984 | 177.8 | 127.9 |
| 3 | .998 | .306 | .221 | 1.178 | 180.2 | 130.4 |
| 4 | .932 | .316 | .201 | 1.108 | 190.3 | 134.6 |
| YEAR | .930 | .292 | .206 | 1.058 | 180.5 | 129.5 |
| % change from '91 | 11.9 | 22.1 | 3.9 | 8.3 | 8.4 | 6.9 |
| 1993:1 | .904 | .252 | .196 | .956 | 194.3 | 135.2 |
| 2 | .948 | .289 | .204 | .994 | 197.6 | 137.3 |
| 3 | .989 | .346 | .218 | 1.157 | 199.2 | 138.7 |
| 4 | .992 | .318 | .211 | 1.102 | 203.4 | 139.9 |
| YEAR | .958 | .301 | .207 | 1.052 | 198.6 | 137.8 |
| % change from '92 | 3.0 | 3.3 | .6 | -.5 | 10.1 | 6.4 |

*Historical data. R = Revised. P = Preliminary.

**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

SALES OF DOMESTICALLY-BUILT CARS AND TRUCKS ROSE BY 4.8% IN THE MIDDLE OF MAY OVER THE COMPARABLE PERIOD OF LAST YEAR.

Data show that mid-May sales are better than they were in April and early May. However, at 5.9 mil. annual rate, they are still below a more healthy 6.5-7.0 mil. figure.

Forecast data for the rest of this year indicate that in the second and third quarters car sales will be increasing moderately. Major gains are expected in the last quarter of the year. Forecast data for 1992 are optimistic: sales are expected to gain approximately 8% over 1991.

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + 1.95% | Domestic Car Sales |
| + 1.59% | Shipments |
| + 1.36% | Total Car Sales |
| 0.00% | Imported Car Sales |
| - .62% | Light Truck Sales |
| - 6.25% | Dealer Inventory |

### TABLE 1.42
### AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 9.5 | 6.9 | 2.6 | 1.4 | 6.6 | 3.9 |
| 1991:1 | 8.7 | 6.1 | 2.6 | 1.4 | 6.0 | 3.7 |
| 2 | 9.0 | 6.2 | 2.8 | 1.5 | 6.2 | 3.9 |
| 3 | 9.6 | 6.7 | 2.9 | 1.5 | 6.6 | 4.2 |
| 4 | 10.0 | 7.1 | 2.9 | 1.5 | 6.8 | 4.1 |
| YEAR | 9.3 | 6.5 | 2.8 | 1.5 | 6.4 | 4.0 |
| % change from '90 | -1.8 | -5.4 | 7.7 | 7.1 | -3.0 | 1.9 |
| 1992:1 | 9.6 | 6.4 | 3.2 | 1.6 | 6.9 | 4.2 |
| 2 | 10.0 | 6.8 | 3.2 | 1.6 | 7.1 | 4.6 |
| 3 | 10.3 | 7.1 | 3.2 | 1.7 | 7.3 | 4.6 |
| 4 | 10.2 | 6.9 | 3.3 | 1.7 | 7.1 | 4.5 |
| YEAR | 10.0 | 6.8 | 3.2 | 1.7 | 7.1 | 4.5 |
| % change from '91 | 7.5 | -7.7 | 15.2 | 13.3 | 10.9 | 12.6 |
| 1993:1 | 9.8 | 6.5 | 3.3 | 1.7 | 7.0 | 4.5 |
| 2 | 10.2 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| 3 | 10.8 | 7.2 | 3.3 | 1.8 | 7.2 | 4.6 |
| 4 | 10.7 | 7.4 | 3.4 | 1.8 | 7.2 | 4.6 |
| YEAR | 10.4 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| % change from '92 | 3.2 | .1 | 3.1 | 5.9 | .4 | 2.2 |

*Historical data. R = Revised. P = Preliminary.
**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

KEDI MAINTAINS ITS POSITION THAT THE FEDERAL BUDGET DEFICIT CUTTING PLAN WILL NOT BE SUCCESSFUL WITHOUT DRASTIC TAX INCREASES AND BUDGET CUTS.

The current plan calls for a balanced Federal budget in 1996. While the plan is desirable it does not appear attainable unless drastic measures are taken.

Such measures are unlikely, however. Compared to the forecast of Federal budget deficits published in the April issue of KES, this forecast remains almost unchanged:

FORECAST OF FEDERAL BUDGET DEFICITS

| Fiscal year | bil. $ |
|---|---|
| 1992 | 276 |
| 1993 | 190 |
| 1994 | 130 |
| 1995 | 107 |
| 1996 | 85 |

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | | |
|---|---|---|
| + | .45% | Federal Income Tax |
| - | .09% | State Corp. Tax Accrued |
| - | .12% | State Income Tax |
| - | .23% | Federal Surplus Deficit |
| - | .35% | State Surplus Deficit |
| - | .64% | Corporate Profit Tax Accrued |

## TABLE 1.50
## FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | FEDERAL | | | STATE AND LOCAL | | |
|---|---|---|---|---|---|---|
| | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & qtr. | | | | | | |
| 1990* | 526.7P | 111.3P | -194.6P | 197.3P | 24.2P | 39.1P |
| 1991:1 | 531.6 | 109.0 | -374.3 | 221.0 | 25.4 | 39.2 |
| 2 | 548.0 | 109.3 | -330.5 | 224.6 | 28.2 | 42.0 |
| 3 | 565.4 | 112.7 | -290.8 | 229.1 | 29.0 | 43.2 |
| 4 | 587.8 | 122.5 | -267.1 | 237.0 | 30.9 | 45.0 |
| YEAR | 558.2 | 113.4 | -315.7 | 227.9 | 28.4 | 42.4 |
| % change from '90 | 6.0 | 1.9 | 62.2 | 15.5 | 17.3 | 8.3 |
| 1992:1 | 599.4 | 128.6 | -234.5 | 245.3 | 31.8 | 46.0 |
| 2 | 620.5 | 133.5 | -219.8 | 249.2 | 32.6 | 47.0 |
| 3 | 648.7 | 141.9 | -215.6 | 256.3 | 35.4 | 48.3 |
| 4 | 659.5 | 147.2 | -192.4 | 263.7 | 36.0 | 49.2 |
| YEAR | 632.0 | 137.8 | -215.6 | 253.6 | 34.0 | 47.6 |
| % change from '91 | 13.2 | 21.5 | -31.7 | 11.3 | 19.6 | 12.5 |
| 1993:1 | 688.4 | 150.6 | -165.7 | 278.2 | 36.8 | 50.2 |
| 2 | 713.2 | 155.3 | -148.3 | 285.7 | 38.2 | 51.8 |
| 3 | 740.1 | 159.2 | -131.2 | 293.4 | 39.1 | 53.2 |
| 4 | 766.5 | 163.4 | -114.5 | 299.2 | 40.7 | 54.1 |
| YEAR | 727.0 | 157.1 | -139.9 | 289.1 | 38.7 | 52.3 |
| % change from '92 | 15.0 | 14.0 | -35.1 | 14.0 | 14.0 | 9.9 |

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*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| - .05% | Average Weekly Earnings |
| - .06% | Comp. of Employees |
| - .43% | Corporate After Tax Profit |
| - .74% | Personal Income |
| - .93% | Personal Disp. Income |
| - 1.03% | Personal Savings |

IN MARCH, PERSONAL INCOME AND PERSONAL DISPOSABLE INCOME INCREASED BY .2% EACH. COMPENSATION OF EMPLOYEES, AN IMPORTANT COMPONENT OF THIS CATEGORY, INCREASED A TOTAL OF $4.2 BIL. AFTER FALLING $200 MIL. IN FEBRUARY.

Forecast data point to moderate, regular increases in personal income and its components throughout the rest of the year.

The outlook for income in the business sector is not optimistic. The corporate after tax profits are expected to drop in the first quarter of this year compared to 1990:4 and to be flat in the second quarter of this year. They will increase marginally in the second half of this year.

Forecast data for 1992 show the following industries with highest increases in earnings: electronics, medical services, health care, precious metals, leisure products, instruments, alternative energy, transportation, consumer services, consumer durables (except motor vehicles), and pharmaceuticals.

TABLE 1.60
INCOME
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1990* | 4645.5 | 3946.1 | 3309.7 | 173.4 | 180.1 | 443.5 |
| 1991:1 | 4681.1P | 4064.7P | 3438.1P | 170.2P | 160.4P | 448.1P |
| 2 | 4783.4 | 4010.8 | 3460.3 | 172.4 | 172.3 | 450.0 |
| 3 | 4912.3 | 4117.8 | 3522.7 | 175.1 | 189.6 | 457.3 |
| 4 | 5067.8 | 4243.0 | 3610.0 | 180.1 | 201.4 | 461.3 |
| YEAR | 4861.2 | 4075.0 | 3507.8 | 174.4 | 180.9 | 454.2 |
| % change from '90 | 4.6 | 3.3 | 6.0 | .6 | .5 | 2.4 |
| 1992:1 | 5403.7 | 4559.0 | 3701.2 | 184.5 | 211.3 | 464.9 |
| 2 | 5507.5 | 4637.8 | 3772.2 | 190.1 | 215.5 | 469.2 |
| 3 | 5615.4 | 4710.4 | 3859.6 | 194.8 | 222.7 | 473.4 |
| 4 | 5749.5 | 4826.3 | 3962.3 | 196.9 | 230.4 | 483.1 |
| YEAR | 5569.0 | 4683.4 | 3823.8 | 191.6 | 220.0 | 472.6 |
| % change from '91 | 14.6 | 14.9 | 9.0 | 9.8 | 21.6 | 4.1 |
| 1993:1 | 5890.7 | 4924.1 | 4007.6 | 199.4 | 240.7 | 485.6 |
| 2 | 6015.6 | 5016.7 | 4081.4 | 204.3 | 246.3 | 488.7 |
| 3 | 6135.6 | 5102.1 | 4153.2 | 207.6 | 249.2 | 491.2 |
| 4 | 6267.2 | 5201.5 | 4211.4 | 213.1 | 251.3 | 492.4 |
| YEAR | 6077.3 | 5061.1 | 4113.4 | 206.1 | 246.9 | 489.5 |
| % change from '92 | 9.1 | 8.1 | 7.6 | 7.6 | 12.2 | 3.6 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + .01% | Time Deposits |
| 0.00% | Mortg. at all holders |
| - .40% | Consumer demand deposits |
| = .40% | Consumer install. credit |
| - .84% | Comm. & indust. loans |
| - 1.08% | Large denom. time deposits |

FORECAST DATA FOR THE REST OF THIS YEAR CALL FOR ACCELERATED GROWTH OF MONEY SUPPLY, NOTABLY M1 WHILE MONEY SUPPLY M2 IS EXPECTED TO GROW AT MODERATE PACE.

In the second half of the year, conditions on markets for consumer credit and home mortgage credit are expected to improve significantly, due to consumers' increased demand for motor vehicles, household furnishings and home building materials.

Data for commercial and industrial loans indicate flatness will prevail this year and some improvement will take place in 1992.

Markets for municipal securities are expected to remain tight throughout the forecast period of 1992 and 1993.

Data for markets on corporate and Federal bonds, and stocks for the rest of this year and 1992-1993 point to moderate growth without significant ups or downs.

## TABLE 1.70
## MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDI-CATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2,s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 812.2 | 3293.2 | 750.9 | 577.2 | 533.9 | 3611.3 |
| 1991:1 | 830.2 | 3372.4 | 746.3 | 578.1 | 536.0 | 3644.9 |
| 2 | 840.1 | 3452.6 | 749.7 | 580.1 | 543.1 | 3674.5 |
| 3 | 848.9 | 3568.1 | 762.0 | 586.8 | 547.2 | 3788.3 |
| 4 | 862.7 | 3630.7 | 780.1 | 588.2 | 552.1 | 3794.6 |
| YEAR | 845.5 | 3505.9 | 780.1 | 588.2 | 552.1 | 3794.6 |
| % change from '90 | 4.1 | 6.5 | 3.9 | 5.3 | 3.4 | 5.1 |
| 1992:1 | 878.9 | 3650.6 | 807.4 | 596.4 | 572.0 | 3842.5 |
| 2 | 882.6 | 3719.4 | 828.5 | 599.7 | 581.0 | 3879.8 |
| 3 | 896.7 | 3794.5 | 844.2 | 607.2 | 585.6 | 3949.0 |
| 4 | 903.8 | 3861.1 | 851.5 | 612.3 | 590.7 | 3975.3 |
| YEAR | 890.5 | 3756.4 | 851.5 | 612.3 | 590.7 | 3975.3 |
| % change from '91 | 5.3 | 7.1 | 9.2 | 4.1 | 7.0 | 4.8 |
| 1993:1 | 910.4 | 3936.2 | 859.7 | 616.4 | 604.3 | 4034.2 |
| 2 | 918.2 | 4011.5 | 870.3 | 620.1 | 614.8 | 4096.7 |
| 3 | 924.3 | 4094.3 | 880.5 | 622.3 | 617.8 | 4163.2 |
| 4 | 932.8 | 4189.1 | 893.4 | 630.5 | 620.3 | 4227.5 |
| YEAR | 921.4 | 4057.8 | 893.4 | 630.5 | 620.3 | 4227.5 |
| % change from '92 | 3.5 | 8.0 | 4.9 | 3.0 | 5.0 | 6.3 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

1991
FORECAST
DATA

Percent Change
from
April 1991
Forecast

| | |
|---|---|
| + .27% | Conv. mortg. rate |
| + .15% | 30 year govt. bond yield |
| + .13% | Treasure bills 3 mo. yield |
| - .65% | S. & P's 500 Avg. |
| - 2.51% | Prime Rate |
| - 3.35% | Aaa Corp. Bonds |

FORECAST DATA INDICATE THAT MAJOR DECLINES IN SHORT-TERM INTEREST RATES ARE BEHIND AND NO MORE SIGNIFICANT DECREASES WILL TAKE PLACE THROUGH THE REST OF THIS YEAR.

It is assumed that the Federal Reserve will not push interest rates down any more for two main reasons:

* The economy is clearly getting out of the slump. Further declines in interest rates may stimulate undesired price increases.

* Industrialized countries have not followed the U.S. lead in decreases of interest rates. Since it is expected that they will stick to their anti-inflation policies by keeping their interest rates high, then further declines in U.S. rates will widen the gap between the U.S. and overseas rates. That would result in outflows of capital out of U.S. financial markets, shortages of funds, and pressures to further depreciate the international value of the U.S. dollar. It is anticipated that the Federal Reserve will not adopt that kind of policy.

The outlook for long-term rates is optimistic. Some further, though small declines are forecast.

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES

Quarterly averages of monthly figures.

| INDICATOR<br>Unit | Treas. bills 3 mo. yield<br>% | Prime rate<br>% | Conv. mortg rate<br>% | Aaa corp. bond rate<br>% | 30 yr. Govt. bonds yield<br>% | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | 7.51 | 10.00 | 9.78 | 9.32 | 8.55 | 334.59 |
| 1991:1 | 5.97 | 8.84 | 9.34P | 8.80P | 8.19P | 370.72P |
| 2 | 5.91 | 8.50 | 9.28 | 8.68 | 8.07 | 380.42 |
| 3 | 5.94 | 8.50 | 9.22 | 8.89 | 8.11 | 390.58 |
| 4 | 6.05 | 8.67 | 9.30 | 9.12 | 8.12 | 388.98 |
| YEAR | 5.97 | 8.63 | 9.29 | 8.87 | 8.12 | 382.68 |
| % change from '90 | -20.5 | -13.7 | -5.1 | -4.8 | -5.0 | 14.4 |
| 1992:1 | 6.34 | 8.84 | 9.40 | 9.28 | 8.08 | 394.68 |
| 2 | 6.49 | 9.27 | 9.51 | 9.51 | 8.12 | 398.25 |
| 3 | 6.87 | 9.59 | 9.72 | 9.63 | 8.36 | 402.46 |
| 4 | 7.12 | 9.71 | 9.87 | 9.87 | 8.50 | 408.52 |
| YEAR | 6.71 | 9.35 | 9.62 | 9.57 | 8.27 | 400.98 |
| % change from '91 | 12.4 | 8.4 | 3.7 | 7.9 | 1.8 | 4.8 |
| 1993:1 | 7.16 | 9.89 | 10.02 | 10.06 | 8.41 | 408.56 |
| 2 | 7.22 | 10.15 | 10.14 | 10.14 | 8.36 | 407.32 |
| 3 | 7.29 | 10.24 | 10.34 | 10.22 | 8.28 | 410.71 |
| 4 | 7.48 | 10.36 | 10.65 | 10.29 | 8.22 | 407.23 |
| YEAR | 7.29 | 10.16 | 10.29 | 10.18 | 8.32 | 408.45 |
| % change from '92 | 8.7 | 8.6 | 6.9 | 6.3 | .6 | 1.9 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue Personal Consumption Expenditures has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure has been released by the U. S. Department of Commerce March 27, 1991.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Personal Consumption Expenditures
(1990:4, bil. dollars, seas. adj.)
Actual figure: 3724.9

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 3787.0 | + 1.7 |
| Ameritrust, OH | 12/89 | 3791.4 | + 1.8 |
| First National of Chicago, IL | 12/89 | 3818.4 | + 2.5 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 3754.0 | + .8 |
| Manufacturers Hanover Trust, NY | 12/89 | 3750.0 | + .7 |
| Marine Midland, NY | 12/89 | 3802.6 | + 2.1 |
| National City Bank, OH | 12/89 | 3788.0 | + 1.7 |
| Shawmut of Boston, MA | 12/89 | 3770.8 | + 1.2 |
| Society National Bank, OH | 12/89 | 3764.0 | + 1.0 |
| Valley National Bank, AR | 12/89 | 3778.0 | + 1.4 |
| Metropolitan Life, NY | 12/89 | 3759.0 | + .9 |
| Shearson Lehman, NY | 12/89 | 3764.0 | + 1.0 |
| K.E.D.I., Inc, | 12/89 | 3815.8 | + 2.4 |
| Fleet Nat'l Bk, Providence, RI | 12/89 | 3778.7 | + 1.4 |
| Morgan Guaranty, NY | 12/89 | 3817.0 | + 2.5 |
| Equitable Life | 12/89 | 3794.1 | + 1.9 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

TABLE 3.00

HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

## TABLE 3.00

## HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

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# KEDI ECONOMIC SURVEY

June 1991

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SOURCES:

The U. S. Department of Commerce, second estimates of 1991:1, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, June 1991.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Signs of a rebound of the economy appear more frequently. Data for May and early June confirm the rebound will continue.

### Prices

In May, retail sales rose strongly by 1% over April with gains widespread across different businesses.

### Employment & Labor

The early June decline in jobless claims, reported by the Labor Department suggests the labor market continued to improve.

### Housing

Data on housing starts and permits, released for May confirm that housing is contributing to the improvement of the economy.

### Automobiles

In early June, the pace of domestic car sales rose. Sales for the June 1-10 period rose to 6.3 mil. (annualized).

### Budgets

Forecast data on Federal Budget deficits in coming years has been barely changed when compared to the May issue of this Survey.

### Income

Regular increase, commensurate to the expected growth of the economy are predicted for personal income and its components.

### Money & Credit

For the rest of this year and in 1992, conditions of most financial markets are expected to remain tight.

### Interest Rates, Yields & Securities Prices

Short-term interest rates are expected to drop marginally in coming weeks and to remain essentially flat for the rest of the year.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with China, the USSR, and East Europe will expand in 1991 and following years | January 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the June 1991 KEDI forecast. | |
| * | Growth will slow down in the first half of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the second half of 1991 interest rates will be stable. In 1992 they will be increasing. | June 1991 |
| * | Federal budget deficits will keep declining in 1992 and the following years. | October 1990 |
| * | The 1990 export-import gap will start closing to a more acceptable level in 1991 and afterward. In the second half of 1991, the export-import gap will be negative in small amounts. In 1992 it is expected to be increasing negatively. | June 1991 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1989, 1990 and 1991 are on pages indicated below.

| Indicator | Unit | 1990 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4123.9 | 4518.9 | 4650.0 | 4794.1 |
| product, p. 5 | % change | 1.8 | 2.8 | 2.9 | 3.1 |
| Index of indust. | 1977=100 | 108.3 | 119.8 | 123.7 | 127.9 |
| prod., p. 5 | % change | 1.4 | 2.6 | 3.3 | 3.4 |
| Capacity | % | 82.0 | 84.3 | 83.8 | 83.2 |
| utiliz., p. 5 | % change | -.9 | .2 | -.6 | -.8 |
| Unemployment | % | 5.5 | 5.5 | 83.2 | 1.2 |
| rate, p. 5 | % change | .8 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.2 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -6.3 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 9.5 | 10.7 | 11.0 | 11.4 |
| p. 5 | % change | -5.0 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 131.5 | 155.6 | 161.4 | 166.7 |
| price def.,p.11 | % change | 4.1 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 82-84=100 | 130.7 | 153.6 | 159.1 | 165.2 |
| Index, p. 11 | % change | 4.8 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1982=100 | 119.4 | 147.3 | 153.2 | 159.1 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -194.6 | -114.7 | -91.3 | -74.1 |
| p. 21 | % change | -8.4 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4645.5 | 6527.9 | 7024.0 | 7600.0 |
| p. 23 | % change | 6.7 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.0 | 9.7 | 10.4 | 11.2 |
| p. 27 | % change | -3.5 | -3.6 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.8 | 10.8 | 11.1 | 10.9 |
| p. 27 | % change | -2.4 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 811.6 | 967.5 | 1019.7 | 1081.9 |
| deposits , p. 25 | % change | 3.7 | 5.0 | 5.4 | 6.1 |
| Commercial+ind. | bil. $ | 577.2 | 592.8 | 610.0 | 624.0 |
| loans, p. 25 | % change | 3.1 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 93.1 | 92.4 | 93.4 | 90.2 |
| production | % change | 1.3 | -.7 | 1.0 | -3.4 |
| Electric power | mil.kw-hr | 3072 | 3176.4 | 3300.3 | 3438.9 |
| production | % change | 3.0 | 3.4 | 3.9 | 4.2 |
| Bituminous coal | mil.sh.tons | 947 | 956.5 | 960.3 | 973.7 |
| production | % change | 1.3 | 1.0 | .4 | 1.4 |
| Crude oil | avg. daily bbl. | 2973 | 3032.5 | 3062.8 | 3090.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2355.3 | 2522.6 | 2706.7 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | | |
|---|---|---|
| + | .31% | Unemployment |
| + | .12% | Index Indust. Prod. |
| + | .06% | Capacity Util. |
| + | .01% | GNP |
| [illegible] | .27% | Autos |
| - | 1.89% | Private Housing Starts |

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

## 1.11 REAL GROWTH

See Table 1.11
Page 5

SIGNS OF A REBOUND OF THE ECONOMY APPEAR MORE FREQUENTLY. DATA FOR MAY AND EARLY JUNE CONFIRM THE REBOUND OF THE ECONOMY WILL CONTINUE IN MAY:

* retail sales increased significantly over April

* fewer people filed unemployment claims

* auto sales, housing starts, and industrial production increased

* companies resumed hiring

* index of leading indicators rose again, for the fourth consecutive month

* index of Purchasing Managers also rose

* orders for consumer goods increased by 4.9% over April, and

* the April factory orders increased by 1.8% over March.

In its June 13 release, the Congressional Budget Office concluded, tentatively, that the downturn has ended in the second quarter of this year.

A survey conducted by the U. S. Department of Commerce in April and May has shown that this year, businesses plan to spend $540.1 bil. for expansion and modernization, up from a record $542.2 bil. in 1990.

### TABLE 1.11
### SELECTED INDICATORS I.

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unemployment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 108.3 | 5.51 | 82.0 | 1.193 | 9.5 |
| 1991:1 | 4126.5P | 105.5 | 6.52 | 79.6 | .865 | 8.7 |
| 2 | 4147.3 | 106.4 | 6.74 | 79.9 | 1.017 | 9.0 |
| 3 | 4178.4 | 107.3 | 6.41 | 80.1 | 1.162 | 9.6 |
| 4 | 4209.9 | 109.7 | 6.01 | 81.4 | 1.273 | 9.8 |
| YEAR | 4165.5 | 107.2 | 6.42 | 80.2 | 1.079 | 9.3 |
| % change from '90 | .2 | -1.0 | 16.5 | -2.1 | -9.5 | -2.4 |
| 1992:1 | 4240.8 | 110.8 | 5.91 | 82.1 | 1.138 | 9.6 |
| 2 | 4266.2 | 111.4 | 5.87 | 82.9 | 1.209 | 9.9 |
| 3 | 4290.3 | 113.0 | 5.38 | 83.4 | 1.304 | 10.3 |
| 4 | 4317.8 | 114.1 | 5.57 | 84.0 | 1.248 | 10.2 |
| YEAR | 4278.8 | 112.3 | 5.68 | 83.1 | 1.225 | 10.0 |
| % change from '91 | 2.7 | 4.8 | -11.5 | 3.6 | 13.5 | 7.8 |
| 1993:1 | 4349.3 | 115.1 | 5.62 | 84.1 | 1.156 | 9.8 |
| 2 | 4380.4 | 115.9 | 5.48 | 84.1 | 1.237 | 10.3 |
| 3 | 4405.9 | 117.3 | 5.43 | 84.2 | 1.335 | 10.5 |
| 4 | 4447.7 | 118.6 | 5.46 | 84.3 | 1.310 | 10.8 |
| YEAR | 4395.8 | 116.7 | 5.50 | 84.2 | 1.260 | 10.4 |
| % change from '92 | 2.7 | 3.9 | -3.3 | 1.3 | 2.8 | 3.5 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

IN MAY, RETAIL SALES ROSE STRONGLY BY 1% OVER APRIL WITH GAINS WIDESPREAD ACROSS DIFFERENT BUSINESSES.

Compared to April, the May sales were up 1.6% by auto dealers, 2.4% by clothing and accessories; 1.5% by furniture; and .7% by department stores.

Data for clothing and accessories are especially important since they represent consumer spending for non-necessities.

Forecast data for the rest of this year and for 1992 are encouraging. Data indicate 3.7% increase of total retail sales this year over the last year and 8.0% gain in 1992 over 1991.

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| + 1.19% | Retail Sales Durables |
| + .39% | Pers. Con. Expend. Nondurables |
| - .25% | Retail Sales Total |
| + .08% | Pers. Con. Expend. Durable |
| - .30% | Retail Sales Nondurable |
| - 1.61% | Pers. Con. Expend. Services |

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Personal Cons. Expend. | | | Retail Sales | | |
| --- | --- | --- | --- | --- | --- | --- |
| | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1990* | 480.3 | 1193.7 | 1983.3 | 1798.5 | 673.2 | 1125.3 |
| 1991:1 | 453.4P | 1212.3P | 2078.8P | 1797.2P | 663.4P | 1132.8P |
| 2 | 469.1 | 1248.9 | 2093.3 | 1857.2 | 684.4 | 1172.8 |
| 3 | 508.4 | 1289.2 | 2107.2 | 1899.3 | 719.2 | 1180.1 |
| 4 | 529.9 | 1299.5 | 2168.3 | 1928.2 | 729.5 | 1198.7 |
| YEAR | 490.2 | 1262.5 | 2112.1 | 1870.5 | 699.1 | 1171.4 |
| % change from '90 | 2.1 | 5.8 | 6.5 | 4.0 | 3.9 | 4.1 |
| 1992:1 | 530.1 | 1314.2 | 2241.6 | 1964.3 | 748.6 | 1215.7 |
| 2 | 541.4 | 1339.2 | 2276.3 | 1998.2 | 786.1 | 1186.5 |
| 3 | 561.4 | 1380.2 | 2278.4 | 2049.4 | 802.3 | 1247.1 |
| 4 | 572.3 | 1419.7 | 2352.9 | 2117.2 | 825.3 | 1291.9 |
| YEAR | 551.3 | 1363.3 | 2287.3 | 2032.3 | 790.6 | 1235.3 |
| % change from '91 | 12.5 | 8.0 | 8.3 | 8.7 | 13.1 | 5.5 |
| 1993:1 | 580.3 | 1438.7 | 2396.3 | 2129.1 | 837.1 | 1292.0 |
| 2 | 592.8 | 1454.2 | 2426.6 | 2158.9 | 844.3 | 1314.6 |
| 3 | 610.4 | 1471.2 | 2522.3 | 2196.7 | 856.2 | 1340.5 |
| 4 | 619.8 | 1498.4 | 2589.4 | 2254.9 | 862.4 | 1392.5 |
| YEAR | 600.8 | 1465.6 | 2483.6 | 2184.9 | 850.0 | 1334.9 |
| % change from '92 | 9.0 | 7.5 | 8.6 | 7.5 | 7.5 | 8.1 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

THE CONGRESSIONAL BUDGET OFFICE (CBO) ESTIMATES THAT IN 1991:2 THE ECONOMY IS EXPECTED TO GROW .2% (ANNUALIZED), AND BY 2.7% IN 1991:3.

In other words, the CBO considers the first quarter of this year the last quarter of the downturn.

Data of the second estimate of GNP in the first quarter of this year, released by the U. S. Department of Commerce, do not show any significant changes when compared to data of the first estimate: The annualized total GNP has been increased by $2.66 bil., Gross Private Domestic Investment component has been further reduced by $3.2 bil. and Net Exports increased by $3.8 bil.

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| + .51% | Federal Govt. Purch. |
| + .01% | GNP |
| - .29% | State Local Purch. |
| - .14% | Pers. Cons. Expend. |
| - .75% | Gross Private Dom. Invest. |
| -60.58% | Net Exports |

## TABLE 1.13
## REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product | | | | ---------------* |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 2681.6 | 688.7 | -33.8 | 333.7 | 477.1 |
| 1991:1 | 4126.5P | 2664.9P | 626.1P | 6.4P | 348.8P | 480.3P |
| 2 | 4147.3 | 2687.2 | 629.3 | -6.1 | 350.8 | 486.1 |
| 3 | 4178.4 | 2701.3 | 641.2 | -11.1 | 357.6 | 489.4 |
| 4 | 4209.9 | 2717.0 | 650.3 | -10.8 | 360.4 | 493.0 |
| YEAR | 4165.5 | 2692.6 | 636.7 | -5.4 | 354.4 | 487.2 |
| % change from '90 | .2 | .4 | -7.5 | -84.0 | 6.2 | 2.1 |
| 1992:1 | 4240.8 | 2737.0 | 660.2 | -15.1 | 363.0 | 495.7 |
| 2 | 4266.2 | 2749.5 | 670.1 | -18.0 | 364.8 | 499.8 |
| 3 | 4290.3 | 2765.4 | 673.3 | -20.5 | 368.1 | 504.0 |
| 4 | 4317.8 | 2768.9 | 690.0 | -21.2 | 372.4 | 507.7 |
| YEAR | 4278.8 | 2755.2 | 673.4 | -18.7 | 367.1 | 501.8 |
| % change from '91 | 2.7 | 2.3 | 5.8 | 246.3 | 3.6 | 3.0 |
| 1993:1 | 4349.3 | 2784.2 | 700.1 | -20.2 | 374.5 | 510.7 |
| 2 | 4380.4 | 2808.2 | 704.6 | -22.4 | 377.2 | 512.6 |
| 3 | 4405.9 | 2818.7 | 715.2 | -23.5 | 380.7 | 514.8 |
| 4 | 4447.7 | 2841.4 | 726.8 | -20.7 | 383.1 | 517.1 |
| YEAR | 4395.8 | 2813.1 | 711.7 | -21.7 | 378.9 | 513.8 |
| % change from '92 | 2.7 | 2.1 | 5.7 | 16.0 | 3.2 | 2.4 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| + 1.02% | Federal Govt. Purch. |
| + .54% | State Local Purch. |
| - .08% | Producer Price Index |
| - .29% | GNP |
| - .44% | Consumer Price Index |
| - .62% | Producer Price Index |

IN MAY, PRODUCER PRICES ROSE BY .6%, THE LARGEST INCREASE SINCE LAST OCTOBER'S 1.2% WHEN OIL PRICES SHOT UP AFTER IRAQ'S INVASION OF KUWAIT.

Much of the increase was caused by 5.2% jump in gasoline prices, 4% in tobacco prices, and 3% in aircraft prices. Forecast data for the rest of this year do not indicate another increase of similar magnitude.

The positive side of the May PPI increase is seen in the following: prices of crude matrials remained flat, and prices of semi-finished products declined slightly.

The May Consumer Price Index increased by only .2%.

Forecast data for CPI and PPI for the rest of this year and afterward point to moderate pace of inflation without any significant increases.

## TABLE 1.21
## PRICES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1990* | 130.7 | 119.2 | 131.5 | 136.4 | 123.3 | 141.3 |
| 1991:1 | 134.7 | 122.7 | 134.8P | 140.5P | 127.1P | 145.1P |
| 2 | 135.2 | 124.3 | 135.5 | 141.8 | 124.8 | 142.6 |
| 3 | 136.1 | 126.4 | 137.0 | 144.6 | 125.8 | 143.3 |
| 4 | 138.0 | 128.2 | 138.7 | 147.1 | 126.2 | 144.1 |
| YEAR | 136.0 | 125.4 | 136.5 | 143.5 | 126.0 | 143.8 |
| % change from '90 | 4.1 | 5.2 | 3.8 | 5.2 | 2.2 | 1.8 |
| 1992:1 | 138.8 | 130.1 | 140.2 | 149.3 | 127.0 | 145.0 |
| 2 | 140.8 | 132.0 | 141.7 | 151.2 | 128.6 | 146.8 |
| 3 | 142.0 | 133.7 | 143.2 | 152.6 | 130.1 | 148.9 |
| 4 | 143.5 | 135.3 | 145.9 | 156.9 | 130.8 | 151.0 |
| YEAR | 141.3 | 132.8 | 142.8 | 152.5 | 129.1 | 147.9 |
| % change from '91 | 3.9 | 5.9 | 4.6 | 6.3 | 2.5 | 2.9 |
| 1993:1 | 146.0 | 138.0 | 147.3 | 158.6 | 131.9 | 153.3 |
| 2 | 146.9 | 139.5 | 148.3 | 159.3 | 132.7 | 155.9 |
| 3 | 148.7 | 141.1 | 151.2 | 163.3 | 134.0 | 159.5 |
| 4 | 150.9 | 143.0 | 152.8 | 165.7 | 135.4 | 160.2 |
| YEAR | 148.1 | 140.4 | 149.9 | 161.7 | 133.5 | 157.2 |
| % change from '92 | 4.8 | 5.7 | 5.0 | 6.1 | 3.4 | 6.3 |

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*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| + 1.52% | Federal Govt. Purch. |
| + .33% | State Local Purch. |
| - .27% | GNP |
| - .75% | Pers. Cons. Expend. |
| - 1.15% | Gross Private Dom. Invest. |
| -82.59% | Net Exports |

THE SECOND REVISION OF THE 1991:1 DATA FOR GNP AND COMPONENTS RELEASED BY THE U.S. DEPARTMENT OF COMMERCE, HAS LEFT THE DATA ON FIRST ESTIMATES ALMOST UNCHANGED.

Forecast data of GNP for this quarter and the folllowing quarters call for moderate increases: this quarter slightly above the first quarter of this year, and acceleration in the second half of the year. Components of GNP that are expected to grow at fastest rates are Personal Consumption Expenditures and Residential Construction. Moderate increases are expected to take place in Inventories changes, and Federal and State and Local Expenditures.

Nonresidential Construction and Business Expenditures on Equipment are forecasted to remain almost flat for the rest of the year. They are expected to gain significantly in 1992.

### TABLE 1.22
### NOMINAL GNP
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----------Gross National Product | | | | | ---------------* |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 5465.1 | 3657.3 | 741.0 | -31.2 | 424.0 | 674.1 |
| 1991:1 | 5562.5 | 3745.3 | 664.2 | 12.1 | 443.5 | 697.4 |
| 2 | 5619.6 | 3811.3 | 670.2 | 7.1 | 437.8 | 693.2 |
| 3 | 5724.4 | 3904.8 | 680.3 | -11.9 | 449.9 | 701.3 |
| 4 | 5839.1 | 3997.7 | 694.5 | -18.3 | 454.8 | 710.4 |
| YEAR | 5686.4 | 3864.8 | 677.3 | -2.8 | 446.5 | 700.6 |
| % change from '90 | 4.0 | 5.7 | -8.6 | -91.2 | 5.3 | 3.9 |
| 1992:1 | 5945.6 | 4085.9 | 699.2 | -[illegible].3 | 461.0 | 718.8 |
| 2 | 6045.2 | 4156.9 | 705.6 | -20.1 | 469.1 | 733.7 |
| 3 | 6143.7 | 4220.0 | 720.1 | -25.7 | 478.9 | 750.5 |
| 4 | 6299.7 | 4344.9 | 731.5 | -30.5 | 487.1 | 766.6 |
| YEAR | 6108.5 | 4201.9 | 714.1 | -23.9 | 474.0 | 742.4 |
| % change from '91 | 7.4 | 8.7 | 5.4 | 769.1 | 6.2 | 6.0 |
| 1993:1 | 6406.5 | 4415.3 | 740.6 | -26.2 | 494.0 | 782.9 |
| 2 | 6496.1 | 4473.6 | 748.2 | -25.4 | 500.5 | 799.1 |
| 3 | 6661.7 | 4603.9 | 756.3 | -29.7 | 510.1 | 821.1 |
| 4 | 6796.1 | 4707.6 | 768.5 | -27.1 | 518.7 | 828.4 |
| YEAR | 6590.1 | 4550.1 | 753.4 | -27.1 | 505.8 | 807.9 |
| % change from '92 | 7.9 | 8.3 | 5.5 | 13.4 | 6.7 | 8.8 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| + .94% | Unemployment |
| + .02% | Civilian Labor Force |
| + .02% | Population |
| 0.00% | Agriculture |
| - .18% | Total Employed |
| - .19% | Non Agriculture |

THE EARLY JUNE DECLINE IN JOBLESS CLAIMS, REPORTED BY THE LABOR DEPARTMENT SUGGESTS THE LABOR MARKET CONTINUED TO IMPROVE, IN LINE WITH EMPLOYMENT GAINS IN MAY.

The 6.9% unemployment rate for May is considered here a temporary aberration of the downward trend, for two reasons: (1) Data for unemployment rate are taken from the "Household Survey" which is a sample taken every month from 20 thousand families. This sample may not necessarily represent the actual situation; (2) more exact are data of the "Establishment Survey" collected from reports on employment supplied by companies and summarized by the U.S. Department of Labor.

Data from the "Establishment Survey" for April have shown a significant increase in employment, and preliminary information for May also indicate further substantial gains in the number of employed persons.

### TABLE 1.30
### EMPLOYMENT & LABOR
Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Population | Civil. labor force | Total | Agricult. | Non-agric. | Unemployment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1990* | 260.9 | 124.8 | 117.9 | 3.2 | 114.7 | 5.51 |
| 1991:1 | 264.6 | 126.3 | 118.1 | 3.2 | 114.9 | 6.52 |
| 2 | 264.5 | 126.7P | 188.2 | 3.2 | 115.0 | 6.74 |
| 3 | 265.1 | 127.8 | 119.6 | 3.2 | 116.4 | 6.41 |
| 4 | 262.4 | 128.2 | 120.5 | 3.2 | 114.2 | 6.01 |
| YEAR | 264.1 | 127.2 | 119.8 | 3.2 | 116.6 | 6.42 |
| % change from '90 | 1.2 | 2.0 | 1.9 | 0.0 | 1.6 | 16.5 |
| 1992:1 | 267.3 | 128.5 | 120.9 | 3.2 | 117.7 | 5.85 |
| 2 | 268.4 | 130.0 | 122.4 | 3.2 | 119.2 | 5.57 |
| 3 | 269.2 | 130.7 | 123.7 | 3.2 | 120.5 | 6.28 |
| 4 | 269.2 | 131.1 | 123.8 | 3.2 | 120.6 | 5.97 |
| YEAR | 268.5 | 130.1 | 122.7 | 3.2 | 119.5 | 5.68 |
| % change from '91 | 1.7 | 2.2 | 2.5 | 0.0 | 2.5 | -11.49 |
| 1993:1 | 269.8 | 132.0 | 124.6 | 3.2 | 121.4 | 5.56 |
| 2 | 270.3 | 133.1 | 125.8 | 3.2 | 122.6 | 5.48 |
| 3 | 271.2 | 133.3 | 126.1 | 3.2 | 122.9 | 5.43 |
| 4 | 272.1 | 134.7 | 127.3 | 3.2 | 124.1 | 5.46 |
| YEAR | 270.9 | 133.3 | 125.9 | 3.2 | 122.7 | 5.50 |
| % change from '92 | .9 | 2.5 | 2.5 | 0.0 | 2.7 | -3.26 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| + 2.77% | Permits Issued |
| + .84% | Single Family Housing Starts |
| + .42% | Multiple Family Housing Starts |
| + .25% | Mobile Home Shipments |
| - .06% | 1-family housing existing |
| - .45% | 1-family housing new |

DATA ON HOUSING STARTS AND PERMITS, RELEASED FOR MAY CONFIRM HOUSING AS A SECTOR THAT IS CONTRIBUTING TO GET THE ECONOMY OUT OF THE DOWNTURN.

The number of housing permits issued in May had increased by 7.1% over April--a clear sign that the housing segment will be moving ahead in coming months.

While forecast data for single-family housing are optimistic, the outlook for multi-family housing remains bleak.

Data call for flatness throughout the second half of this year and marginal increases during 1992.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR Unit | Single family housing starts mil. | Multi-family housing starts mil. | Mobile home ship-ments mil. | Permits author-ized mil. | 1-Fam. unit price new** tho. $ | 1-Fam. unit price exist** tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | .895 | .298 | .188 | 1.111 | 156.9 | 118.5 |
| 1991:1 | .686P | .178P | .168P | .767P | 160.6 | 118.8 |
| 2 | .796 | .221 | .198 | .964 | 162.2 | 119.0 |
| 3 | .898 | .264 | .209 | 1.198 | 168.2 | 122.5 |
| 4 | .976 | .297 | .219 | 1.083 | 172.4 | 123.8 |
| YEAR | .839 | .240 | .199 | 1.003 | 165.8 | 121.0 |
| % change from '90 | -6.3 | -19.5 | 5.6 | -9.7 | 5.7 | 2.1 |
| 1992:1 | .862 | .276 | .196 | .960 | 173.6 | 125.1 |
| 2 | .931 | .278 | .206 | .984 | 177.8 | 127.9 |
| 3 | .998 | .306 | .221 | 1.178 | 180.2 | 130.4 |
| 4 | .932 | .316 | .201 | 1.108 | 190.3 | 134.6 |
| YEAR | .931 | .294 | .206 | 1.058 | 180.5 | 129.5 |
| % change from '91 | 10.9 | 22.5 | 3.8 | 5.4 | 8.8 | 7.0 |
| 1993:1 | .904 | .252 | .196 | .956 | 194.3 | 135.2 |
| 2 | .948 | .289 | .204 | .994 | 197.6 | 137.3 |
| 3 | .989 | .346 | .218 | 1.157 | 199.2 | 138.7 |
| 4 | .992 | .318 | .211 | 1.102 | 203.4 | 139.9 |
| YEAR | .958 | .301 | .207 | 1.052 | 198.6 | 137.8 |
| % change from '92 | 3.0 | 2.5 | .6 | -.5 | 10.1 | 6.4 |

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*Historical data. R = Revised. P = Preliminary.

**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| 0.00% | Domestic Car Sales |
| 0.00% | Shipments |
| 0.00% | Dealer Inventory |
| - .27% | Total Car Sales |
| - .62% | Light Truck Sales |
| - .89% | Imported car sales |

IN EARLY JUNE, THE PACE OF DOMESTIC CAR SALES ROSE. COMPARED TO 6 MIL. MAY SALES (ANNUALIZED), SALES FOR THE JUNE 1-10 PERIOD ROSE TO 6.3 MIL.

The overall sales of North American-made car and light-duty trucks rose 9.4% over the comparable period a year ago.

The recovery in the U.S. automobile industry, while still from robust, reflects the easing of credit, return of consumer confidence, and gradual improvement in employment figures.

Forecast data for the rest of this year point to gradual increases in sales and outputs. In 1992 car sales are expected to grow by 7.5% over this year.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 9.5 | 6.9 | 2.6 | 1.4 | 6.6 | 3.9 |
| 1991:1 | 8.7 | 6.1 | 2.6 | 1.4 | 6.0 | 3.7 |
| 2 | 9.0 | 6.2 | 2.8 | 1.5 | 6.2 | 3.9 |
| 3 | 9.6 | 6.7 | 2.9 | 1.5 | 6.6 | 4.2 |
| 4 | 9.8 | 7.0 | 2.8 | 1.5 | 6.8 | 4.1 |
| YEAR | 9.3 | 6.5 | 2.8 | 1.5 | 6.4 | 4.0 |
| % change from '90 | -2.4 | -5.8 | 6.7 | 7.1 | -3.0 | 1.9 |
| 1992:1 | 9.6 | 6.4 | 3.2 | 1.6 | 6.9 | 4.2 |
| 2 | 9.9 | 6.7 | 3.2 | 1.6 | 7.1 | 4.6 |
| 3 | 10.3 | 7.1 | 3.2 | 1.7 | 7.3 | 4.6 |
| 4 | 10.2 | 6.9 | 3.3 | 1.7 | 7.1 | 4.5 |
| YEAR | 10.0 | 6.8 | 3.2 | 1.7 | 7.1 | 4.5 |
| % change from '91 | 7.8 | -8.4 | 16.2 | 13.3 | 10.9 | 12.6 |
| 1993:1 | 9.8 | 6.5 | 3.3 | 1.7 | 7.0 | 4.5 |
| 2 | 10.2 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| 3 | 10.8 | 7.2 | 3.3 | 1.8 | 7.2 | 4.6 |
| 4 | 10.7 | 7.4 | 3.4 | 1.8 | 7.2 | 4.6 |
| YEAR | 10.4 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| % change from '92 | 3.5 | .4 | 3.1 | 5.9 | .4 | 2.2 |

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*Historical data. R [illegible]vised. P = Preliminary.
**End of period dat

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| +10.74% | State Income Tax |
| - .01% | Federal Income Tax |
| - .11% | Corporate Profit Tax Accrued |
| - .48% | Federal Surplus Deficit |
| - .65% | State Surplus Deficit |
| - 1.23% | State Corporate Tax Accrued |

FORECAST DATA ON FEDERAL BUDGET DEFICITS IN COMING YEARS HAS BEEN BARELY CHANGED WHEN COMPARED TO DATA PUBLISHED IN THE MAY ISSUE OF THIS SURVEY.

KEDI maintains it position repeatedly stated in previous issues of this Survey: unless drastic cuts in the Federal budget, together with significant tax increases, there will not be a balanced Federal budget in 1996 and afterward.

It is unlikely that the Administration and Congress will take drastic actions. KEDI forecast of Federal budget deficit in fiscal year 1996 calls for $86 bil., compared to the Administration plan for zero or almost zero deficit in that year.

## TABLE 1.50
## FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----FEDERAL | ----------* | | *---STATE AND LOCAL | ----* | |
|---|---|---|---|---|---|---|
| | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 526.7P | 111.3P | -194.6P | 197.3P | 24.2P | 39.1P |
| 1991:1 | 530.6 | 108.3 | -371.2 | 221.0 | 25.4 | 39.2 |
| 2 | 548.2 | 109.4 | -330.1 | 225.4 | 27.3 | 41.8 |
| 3 | 565.9 | 112.9 | -290.0 | 228.1 | 28.6 | 42.7 |
| 4 | 587.8 | 122.5 | -265.4 | 335.0 | 30.9 | 44.8 |
| YEAR | 558.1 | 113.3 | -314.2 | 252.4 | 28.1 | 42.1 |
| % change from '90 | 6.0 | 1.8 | 61.4 | 27.9 | 15.9 | 7.7 |
| 1992:1 | 599.6 | 127.6 | -234.0 | 243.4 | 30.2 | 45.1 |
| 2 | 620.5 | 131.4 | -219.8 | 246.2 | 31.1 | 46.2 |
| 3 | 648.7 | 140.9 | -213.6 | 252.3 | 33.4 | 48.3 |
| 4 | 659.5 | 145.3 | -192.0 | 263.0 | 34.8 | 49.2 |
| YEAR | 632.1 | 136.3 | -214.8 | 251.2 | 32.4 | 47.2 |
| % change from '91 | 13.2 | 20.3 | -31.6 | -.5 | 15.4 | 12.0 |
| 1993:1 | 688.4 | 150.4 | -165.0 | 273.2 | 35.8 | 50.2 |
| 2 | 713.2 | 155.3 | -148.3 | 280.7 | 37.0 | 51.8 |
| 3 | 740.1 | 159.2 | -131.2 | 291.4 | 38.1 | 53.2 |
| 4 | 766.5 | 163.4 | -114.5 | 297.2 | 39.2 | 54.1 |
| YEAR | 727.0 | 157.1 | -139.8 | 285.6 | 37.5 | 52.3 |
| % change from '92 | 15.0 | 15.2 | -35.0 | 13.7 | 15.9 | 10.9 |

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*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| + 1.27% | Personal Savings |
| + .23% | Comp. of Employees |
| + .08% | Average Weekly Savings |
| - .06% | Personal Income |
| - .66% | Personal Disp. Income |
| - .99% | Corporate After Tax Profit |

REGULAR INCREASES, COMMENSURATE TO THE EXPECTED GROWTH OF THE ECONOMY ARE PREDICTED FOR PERSONAL INCOME AND ITS COMPONENTS.

Forecast data for corporate income are not as rosy, however. Data on corporate after-tax profits for this year show the total will approximately equal last year's total. Data for 1992 are optimistic: profits are expected to increase by almost 10% over last year, mainly due to improved performance in the following segments of the economy: motor vehicles, airlines, primary metals, communications, and construction.

## TABLE 1.60
## INCOME

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1990* | 4645.5 | 3946.1 | 3309.7 | 172.5 | 180.1 | 443.5 |
| 1991:1 | 4737.0P | 4018.2P | 3438.1P | 167.8P | 164.1P | 448.1P |
| 2 | 4757.8 | 3984.2 | 3464.3 | 170.6 | 172.9 | 451.2 |
| 3 | 4888.4 | 4094.4 | 3528.7 | 173.4 | 189.6 | 457.6 |
| 4 | 5126.7 | 4203.9 | 3632.2 | 178.9 | 206.2 | 461.3 |
| YEAR | 4858.5 | 4048.0 | 3515.8 | 172.7 | 183.2 | 454.6 |
| % change from '90 | 4.6 | 2.6 | 6.2 | .1 | 1.7 | 2.5 |
| 1992:1 | 5360.9 | 4517.9 | 3714.7 | 180.5 | 211.3 | 464.9 |
| 2 | 5463.9 | 4597.2 | 3782.2 | 187.2 | 214.5 | 469.2 |
| 3 | 5573.1 | 4672.1 | 3879.6 | 193.8 | 220.7 | 473.4 |
| 4 | 5732.0 | 4809.5 | 3982.3 | 196.9 | 228.4 | 483.1 |
| YEAR | 5532.5 | 4649.2 | 3839.7 | 189.6 | 218.7 | 472.6 |
| % change from '91 | 13.9 | 14.9 | 9.2 | 9.8 | 19.4 | 4.0 |
| 1993:1 | 5851.1 | 4889.5 | 4037.2 | 199.4 | 232.7 | 485.6 |
| 2 | 5955.1 | 4961.2 | 4119.4 | 204.3 | 241.3 | 488.7 |
| 3 | 6136.3 | 5104.8 | 4183.1 | 207.6 | 249.2 | 491.2 |
| 4 | 6279.8 | 5216.1 | 4241.3 | 213.1 | 251.3 | 492.4 |
| YEAR | 6055.6 | 5042.9 | 4145.2 | 206.1 | 243.6 | 489.5 |
| % change from '92 | 9.5 | 8.5 | 8.0 | 8.7 | 11.4 | 3.6 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
May 1991
Forecast

| | |
|---|---|
| 0.00% | Consumer Install. Credit |
| 0.00% | Mortg. at all holders |
| 0.00% | Large demon. time deposits |
| + .03% | Time deposits |
| - .36% | Cons. & indust. loans |
| -14.75% | Consumer demand deposits |

FOR THE REST OF THIS YEAR AND IN 1992, CONDITIONS OF MOST FINANCIAL MARKETS ARE EXPECTED TO REMAIN TIGHT. A MORE RELAXED SITUATION IS EXPECTED NOT EARLIER THAN IN 1993.

Forecast for money supply M1 and M2 calls for accelerated growth of both aggregates in the second half of this year, and some slowdown in growth in 1992.

In credit markets, strong rates of growth of volumes of funds borrowed are expected at markets for consumer credit, home mortgages, and U.S. Government securities. On the other hand, markets for municipal issues are predicted to experience difficulties this and the following year.

### TABLE 1.70
### MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDI-CATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2,s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 812.2 | 3293.2 | 750.9 | 577.2 | 533.9 | 3611.3 |
| 1991:1 | 830.2 | 3371.6 | 746.3 | 578.1 | 536.0 | 3644.9 |
| 2 | 840.9 | 3453.6 | 750.2 | 580.1 | 543.1 | 3674.5 |
| 3 | 849.3 | 3568.1 | 762.1 | 584.2 | 547.2 | 3788.3 |
| 4 | 862.7 | 3634.7 | 780.1 | 586.1 | 552.1 | 3794.6 |
| YEAR | 845.8 | 3507.0 | 780.1 | 586.1 | 552.1 | 3794.6 |
| % change from '90 | 4.1 | 6.5 | 3.9 | 5.3 | 3.4 | 5.1 |
| 1992:1 | 878.9 | 3650.6 | 807.6 | 592.4 | 572.0 | 3842.5 |
| 2 | 882.6 | 3719.4 | 828.5 | 597.6 | 581.0 | 3879.8 |
| 3 | 896.7 | 3794.5 | 840.2 | 604.3 | 585.6 | 3949.0 |
| 4 | 903.8 | 3861.1 | 845.7 | 609.3 | 590.7 | 3975.3 |
| YEAR | 890.5 | 3756.4 | 845.7 | 609.3 | 590.7 | 3975.3 |
| % change from '91 | 5.3 | 7.1 | 8.4 | 4.0 | 7.0 | 4.8 |
| 1993:1 | 910.4 | 3936.2 | 853.7 | 610.4 | 604.3 | 4034.2 |
| 2 | 918.2 | 4011.5 | 860.4 | 614.2 | 614.8 | 4096.7 |
| 3 | 924.3 | 4094.3 | 870.5 | 618.3 | 617.8 | 4163.2 |
| 4 | 932.8 | 4189.1 | 893.4 | 630.5 | 620.3 | 4227.5 |
| YEAR | 921.4 | 4057.8 | 893.4 | 630.5 | 620.3 | 4227.5 |
| % change from '92 | 3.5 | 8.0 | 5.6 | 3.5 | 5.0 | 6.3 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

1991
FORECAST
DATA

Percent Change from May 1991 Forecast

| | |
|---|---|
| + 1.63% | 30 year govt. bond yield |
| + .13% | S & P's 500 Avg. |
| + .05% | Conv. mortg. rate |
| - .52% | Prime rate |
| - .93% | Aaa Corp. Bonds |
| - 3.56% | Treasury bills 3 mo. yield |

SHORT-TERM INTEREST RATES ARE EXPECTED TO DROP MARGINALLY IN COMING WEEKS AND TO REMAIN ESSENTIALLY FLAT FOR THE REST OF THE YEAR.

Forecast data for 1992 call for gradual increases in short-term rates starting in the first quarter of the next year.

Main reaons underlying this forecast are the following: (1) It is anticipated that Federal Reserve will not be pushing interest rates down since the economy is already on the way out of the downturn; (2) price levels are still too fragile and further significant declines in interest rates may re-ignite the inflationary pressures; (3) U.S. rates are already well below the current rates in leading countries. Further declines in U.S. interest rates would widen this gap, which is already too large. It is unlikely that foreign countries will follow the U.S. lead and will reduce their interest rate. Widening of the gap between domestic and foreign interest rates would induce the outflow of funds from U.S. financial markets to overseas, which is currently not in the best interest of the U.S. economy.

The long-term interest rates are expected to decline throughout the second half of this year. They will stabilize in 1992.

### TABLE 1.80
### INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1990* | 7.51 | 10.00 | 9.78 | 9.32 | 8.55 | 334.59 |
| 1991:1 | 5.97 | 8.84 | 9.34P | 8.80P | 8.19P | 370.72P |
| 2 | 5.59 | 8.50 | 9.28 | 8.68 | 8.33 | 380.43 |
| 3 | 5.68 | 8.50 | 9.26 | 8.75 | 8.31 | 391.58 |
| 4 | 5.79 | 8.50 | 9.30 | 8.92 | 8.18 | 389.98 |
| YEAR | 5.76 | 8.59 | 9.29 | 8.79 | 8.25 | 383.18 |
| % change from '90 | -23.3 | -14.1 | -5.0 | -5.7 | -3.5 | 14.5 |
| 1992:1 | 5.94 | 8.64 | 9.40 | 9.18 | 8.09 | 393.69 |
| 2 | 6.09 | 8.87 | 9.51 | 9.41 | 8.12 | 398.28 |
| 3 | 6.47 | 9.14 | 9.72 | 9.23 | 8.36 | 402.46 |
| 4 | 7.12 | 9.31 | 9.87 | 9.57 | 8.45 | 408.52 |
| YEAR | 6.41 | 8.99 | 9.62 | 9.35 | 8.25 | 400.74 |
| % change from '91 | 11.2 | 4.7 | 3.6 | 6.4 | .0 | 4.6 |
| 1993:1 | 7.16 | 9.79 | 10.02 | 9.66 | 8.40 | 408.56 |
| 2 | 7.22 | 9.85 | 10.14 | 9.84 | 8.26 | 407.32 |
| 3 | 7.29 | 10.14 | 10.34 | 10.02 | 8.18 | 410.71 |
| 4 | 7.48 | 10.36 | 10.65 | 10.29 | 8.04 | 407.23 |
| YEAR | 7.29 | 10.04 | 10.29 | 9.95 | 8.22 | 408.45 |
| % change from '92 | 13.8 | 11.6 | 6.9 | 6.5 | -.4 | 1.9 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue GNP in const. 1982 $ has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure is in the Survey of Current Business, April 1991 issue, Table 1.2.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
GNP in constant 82 dollars
(1990:4, bil. 82$, seas. adj.)
Actual figure: 4153.4

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 4253.0 | + 2.4 |
| Ameritrust, OH | 12/89 | 4267.3 | + 2.7 |
| Fidelity, Philadelphia, PA | 12/89 | 4223.0 | + 1.7 |
| First National of Chicago, IL | 12/89 | 4264.7 | + 2.7 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 4262.0 | + 2.6 |
| Manufacturers Hanover Trust, NY | 12/89 | 4177.0 | + .6 |
| Marine Midland, NY | 12/89 | 4287.3 | + 3.2 |
| National City Bank, OH | 12/89 | 4255.0 | + 2.4 |
| Shawmut of Boston, MA | 12/89 | 4255.0 | + 2.4 |
| Society National Bank, OH | 12/89 | 4247.0 | + 2.3 |
| Valley National Bank, AR | 12/89 | 4265.0 | + 2.7 |
| Metropolitan Life, NY | 12/89 | 4190.9 | + .9 |
| Shearson Lehman, NY | 12/89 | 4253.0 | + 2.4 |
| K.E.D.I., Inc, | 12/89 | 4260.9 | + 2.3 |
| Fleet Nat'l Bk, Providence, RI | 12/89 | 4261.1 | + 2.6 |
| Morgan Guaranty, NY | 12/89 | 4246.0 | + 2.2 |
| Wells Fargo Bank, CA | 12/89 | 4247.3 | + 2.2 |
| Equitable Life | 12/89 | 4251.7 | + 2.4 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

### TABLE 3.00

### HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

TABLE 3.00

HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

P1050-18

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# KEDI ECONOMIC SURVEY

July 1991

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SOURCES:

The U. S. Department of Commerce, second estimates of 1991:1, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, July 1991.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Data released in the first half of July point to continuous growth of the economy for the months ahead.

### Prices

In June, consumer prices rose by .2% after a .3% rise in May. A decline in energy costs helped defray food increases.

### Employment & Labor

Compared to the forecast published in the June issue of this Survey, data on employment has barely changed.

### Housing

Housing will lead the current recovery, but will not be the decisive factor driving the economy out of the slump.

### Automobiles

A continuous upward trend in car sales is expected for the rest of this year and afterward.

### Budgets

According to the Administration's July 15 forecast, the Federal Budget Deficit for FY 1992 will be nearly $350 bil.

### Income

The aggregate of corporate earnings for this year is expected to be almost equal to total corporate earnings of last year.

### Money & Credit

Forecast for money and credit markets for the second half of this year and for 1992 calls for moderate expansion.

### Interest Rates, Yields & Securities Prices

Current and expected trends in output, employment, and prices are not enough for the Fed to change current credit conditons.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with the USSR, and East Europe will expand in 1992 and following years | July 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the July 1991 KEDI forecast. | |
| * | Growth will slow down in the first half of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the second half of 1991 interest rates will be stable. In 1992 they will be increasing. | June 1991 |
| * | Federal budget deficits will keep declining in 1993 and the following years. | July 1991 |
| * | In the second half of 1991, the export-import gap will be negative in small amounts. In 1992 it is expected to be increasing negatively. | June 1991 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1991, 1992 and 1993 are on pages indicated below.

| Indicator | Unit | 1990 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4123.9 | 4528.3 | 4659.6 | 4804.1 |
| product, p. 5 | % change | 1.8 | 2.8 | 2.9 | 3.1 |
| Index of indust. | 1977=100 | 108.3 | 119.8 | 123.7 | 127.9 |
| prod., p. 5 | % change | 1.4 | 2.6 | 3.3 | 3.4 |
| Capacity | % | 82.0 | 84.3 | 83.8 | 83.2 |
| utiliz., p. 5 | % change | -.9 | .2 | -.6 | -.8 |
| Unemployment | % | 5.5 | 5.5 | 83.2 | 1.2 |
| rate, p. 5 | % change | .8 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.2 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -6.3 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 9.5 | 10.7 | 11.0 | 11.4 |
| p. 5 | % change | -5.0 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 131.5 | 154.9 | 160.7 | 166.0 |
| price def.,p.11 | % change | 4.1 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 82-84=100 | 130.7 | 151.8 | 157.2 | 163.2 |
| Index, p. 11 | % change | 4.8 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1982=100 | 119.4 | 145.4 | 151.2 | 157.1 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -194.6 | -151.8 | -120.8 | -98.0 |
| p. 21 | % change | -8.4 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4645.5 | 6418.7 | 6906.6 | 7472.9 |
| p. 23 | % change | 6.7 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.0 | 9.6 | 10.3 | 11.2 |
| p. 27 | % change | -3.5 | -3.6 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.8 | 10.8 | 11.1 | 10.9 |
| p. 27 | % change | -2.4 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 811.6 | 971.7 | 1024.2 | 1086.7 |
| deposits , p. 25 | % change | 3.7 | 5.0 | 5.4 | 6.1 |
| Commercial+ind. | bil. $ | 577.2 | 592.8 | 610.0 | 624.0 |
| loans, p. 25 | % change | 3.1 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 93.1 | 92.4 | 93.4 | 90.2 |
| production | % change | 1.3 | -.7 | 1.0 | -3.4 |
| Electric power | mil.kw-hr | 3072 | 3176.4 | 3300.3 | 3438.9 |
| production | % change | 3.0 | 3.4 | 3.9 | 4.2 |
| Bituminous coal | mil.sh.tons | 947 | 956.5 | 960.3 | 973.7 |
| production | % change | 1.3 | 1.0 | .4 | 1.4 |
| Crude oil | avg. daily bbl. | 2973 | 3032.5 | 3062.8 | 3090.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2355.3 | 2522.6 | 2706.7 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | | |
|---|---|---|
| + | .82% | Unemployment |
| + | .27% | Autos |
| + | .21% | Index Indust. Prod. |
| + | .02% | GNP |
| - | .47% | Capacity Util. |
| + | 3.91% | Private Housing Starts |

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

## 1.11 REAL GROWTH

See Table 1.11
Page 5

DATA RELEASED IN THE FIRST HALF OF JULY POINT TO CONTINUOUS GROWTH OF THE ECONOMY FOR THE MONTHS AHEAD.

In June:

* housing permits continued increasing
* car sales remained strong for the second month
* exports gained significantly
* industrial production increased for the third consecutive month
* capacity utilization increased after declines in preceding months

Indicators that point for months ahead, but are released with a 1 to 2 month lag, also point to expansion of the economy in months ahead.

The May data:

* Inventories in manufacturing declined for the fourth consecutive month, indicating that production will pick up soon
* orders for durables gained significantly
* business sales were up by 1%
* construction spending held steady

In summary, the economy is on a solid path of moderate growth. Forecast data do not indicate any significant downward deviation neither in coming months nor in the next two years.

### TABLE 1.11
### SELECTED INDICATORS I.

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unem-ployment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. 1990* | 4157.3 | 108.3 | 5.51 | 82.0 | 1.193 | 9.5 |
| 1991:1 | 4126.5P | 105.5 | 6.52 | 79.6 | .865 | 8.7 |
| 2 | 4147.3 | 106.8 | 6.70 | 78.8 | .998 | 9.1 |
| 3 | 4180.2 | 107.5 | 6.48 | 79.8 | 1.132 | 9.6 |
| 4 | 4211.4 | 109.9 | 6.11 | 81.1 | 1.233 | 9.9 |
| YEAR | 4166.4 | 107.4 | 6.45 | 79.8 | 1.057 | 9.3 |
| % change from '90 | .2 | -.8 | 17.1 | -2.7 | -11.4 | -1.8 |
| 1992:1 | 4243.8 | 110.7 | 5.92 | 81.8 | 1.098 | 9.6 |
| 2 | 4269.3 | 111.4 | 5.87 | 82.4 | 1.169 | 9.9 |
| 3 | 4294.3 | 112.5 | 5.38 | 83.2 | 1.259 | 10.3 |
| 4 | 4324.7 | 114.1 | 5.57 | 84.0 | 1.222 | 10.2 |
| YEAR | 4283.0 | 112.2 | 5.69 | 82.8 | 1.187 | 10.0 |
| % change from '91 | 2.8 | 4.4 | -11.9 | 3.8 | 12.3 | 7.2 |
| 1993:1 | 4356.2 | 115.1 | 5.62 | 84.1 | 1.158 | 9.8 |
| 2 | 4390.3 | 115.9 | 5.48 | 84.1 | 1.237 | 10.3 |
| 3 | 4415.7 | 117.3 | 5.43 | 84.2 | 1.335 | 10.5 |
| 4 | 4457.7 | 118.6 | 5.46 | 84.3 | 1.310 | 10.8 |
| YEAR | 4405.0 | 116.7 | 5.50 | 84.2 | 1.260 | 10.4 |
| % change from '92 | 2.8 | 4.1 | -3.3 | 1.6 | 6.1 | 3.5 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

1991
FORECAST
DATA

Percent Change from June 1991 Forecast

| | |
|---|---|
| + .45% | Pers. Con. Expend. Durables |
| + .02% | Pers. Con. Expend. Nondurables |
| 0.00% | Retail Sales Durables |
| - .27% | Retail Sales Total |
| - .43% | Retail Sales Nondurable |
| - 1.15% | Pers. Con. Expend. Services |

FORECAST DATA INDICATE THAT IN THE SECOND HALF OF THIS YEAR, CONSUMER OUTLAYS ON DURABLES AND SERVICES WILL BE THE FASTEST GROWING ITEMS.

In outlays on durables, the largest gain is expected to be in motor vehicles and parts and in items related with residential construction and upkeep.

In the second half of this year, demand for cars is expected to be strong due to the demand delayed from the first half of the year. Strong market for motor vehicles and parts is also expected to continue in the following year.

Consumer outlays on housing-related items are expected to continue increasing due to gains in construction of new homes which is expected to lead the recovery. Fairly good increases are expected in sales of building materials, furniture and fixtures, carpets, and household electronics.

Consumer spending on services is also expected to continue increasing. Significant portion of increases is predicted to be due to price hikes in many items, however.

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

|  | Personal Cons. Expend. |  |  | Retail Sales |  |  |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. |  |  |  |  |  |  |
| 1990* | 480.3 | 1193.7 | 1983.3 | 1798.5 | 673.2 | 1125.3 |
| 1991:1 | 453.4 | 1212.3 | 2079.6 | 1797.2 | 663.4 | 1133.8 |
| 2 | 468.1P | 1249.9P | 2093.3P | 1857.2P | 684.4P | 1172.8P |
| 3 | 508.4 | 1289.2 | 2083.0 | 1889.3 | 719.2 | 1170.1 |
| 4 | 539.7 | 1299.5 | 2095.4 | 1918.2 | 729.5 | 1188.7 |
| YEAR | 492.4 | 1262.7 | 2087.8 | 1865.5 | 699.1 | 1166.4 |
| % change from '90 | 2.5 | 5.8 | 5.3 | 3.7 | 3.9 | 3.6 |
| 1992:1 | 530.2 | 1310.2 | 2170.7 | 1964.3 | 748.6 | 1215.7 |
| 2 | 541.4 | 1329.2 | 2189.0 | 1998.2 | 786.1 | 1186.5 |
| 3 | 561.9 | 1360.2 | 2226.3 | 2049.4 | 802.3 | 1247.1 |
| 4 | 572.3 | 1409.7 | 2260.5 | 2117.2 | 825.3 | 1291.9 |
| YEAR | 551.5 | 1352.3 | 2211.6 | 2032.3 | 790.6 | 1235.3 |
| % change from '91 | 12.0 | 7.1 | 5.9 | 8.9 | 13.1 | 5.9 |
| 1993:1 | 580.3 | 1428.5 | 2334.4 | 2129.1 | 837.1 | 1292.0 |
| 2 | 592.8 | 1434.2 | 2424.4 | 2158.9 | 844.3 | 1314.6 |
| 3 | 610.4 | 1451.2 | 2529.5 | 2196.7 | 856.2 | 1340.5 |
| 4 | 619.8 | 1478.4 | 2583.8 | 2254.9 | 862.4 | 1392.5 |
| YEAR | 600.8 | 1448.1 | 2468.0 | 2184.9 | 850.0 | 1334.9 |
| % change from '92 | 9.0 | 7.1 | 11.6 | 7.5 | 7.5 | 8.1 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

EXPORTS ARE EXPECTED TO REMAIN STRONG FOR THE REST OF THIS YEAR AND IN THE FOLLOWING TWO YEARS.

Forecast data on GNP and components indicate moderate growth of the economy will continue for the rest of this year.

Data for 1992 and 1993 indicate the pace of the economy will accelerate significantly. Compared to this year's expected .2% growth rate, the 1992 growth rate is expected to be 2.9% and in 1993 3%.

Data indicate that consumer spending will continue to be the major force propelling the economy. In 1992 and 1993, business capital outlays is the second major factor that will be contributing to the expansion of the economy.

### 1991 FORECAST DATA

Percent Change from June 1991 Forecast

| | |
|---|---|
| +12.50% | Net Exports |
| + .31% | Gross Private Dom. Invest. |
| + .25% | State Local Purch. |
| + .14% | Federal Govt. Purch. |
| + .02% | GNP |
| - .08% | Pers. Cons. Expend. |

### TABLE 1.13
### REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product | | | | | ----------------* |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 2681.6 | 688.7 | -33.8 | 333.7 | 477.1 |
| 1991:1 | 4126.5 | 2664.9 | 626.1 | 6.4 | 348.8 | 480.3 |
| 2 | 4147.3P | 2683.2P | 629.3P | -2.1P | 350.8P | 486.1P |
| 3 | 4180.2 | 2703.9 | 645.2 | -18.0 | 357.6 | 491.5 |
| 4 | 4211.4 | 2709.6 | 654.2 | -10.6 | 362.4 | 495.8 |
| YEAR | 4166.4 | 2690.4 | 638.7 | -6.1 | 354.9 | 488.4 |
| % change from '90 | .2 | .3 | -7.3 | -82.0 | 6.4 | 2.4 |
| 1992:1 | 4243.8 | 2725.9 | 662.3 | -10.1 | 366.0 | 499.7 |
| 2 | 4269.3 | 2732.3 | 673.2 | -11.0 | 370.2 | 504.6 |
| 3 | 4294.3 | 2750.5 | 679.5 | -20.5 | 375.8 | 509.0 |
| 4 | 4324.7 | 2760.4 | 692.4 | -21.2 | 379.4 | 513.7 |
| YEAR | 4283.0 | 2742.3 | 676.9 | -15.7 | 372.9 | 506.8 |
| % change from '91 | 2.8 | 1.9 | 6.0 | 158.4 | 5.1 | 3.8 |
| 1993:1 | 4356.2 | 2778.6 | 701.1 | -20.2 | 381.3 | 515.4 |
| 2 | 4390.3 | 2807.1 | 704.8 | -22.4 | 384.2 | 516.6 |
| 3 | 4415.7 | 2814.5 | 715.2 | -23.5 | 390.7 | 518.8 |
| 4 | 4457.7 | 2839.4 | 726.8 | -20.7 | 393.1 | 519.1 |
| YEAR | 4405.0 | 2809.9 | 712.0 | -21.7 | 387.3 | 517.5 |
| % change from '92 | 2.8 | 2.5 | 5.2 | 38.2 | 3.9 | 2.1 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | | |
|---|---|---|
| + | .49% | State Local Purch. |
| + | .18% | Federal Govt. Purch. |
| - | .15% | Consumer Price Index |
| - | .18% | GNP |
| - | .48% | Pers. Cons. Expend. |
| - | .66% | Producer Price Index |

IN JUNE, CONSUMER PRICES ROSE BY .2% AFTER A .3% RISE IN MAY. A DECLINE IN ENERGY COSTS HELPED TO OFFSET A GAIN IN PRICES OF FRUITS AND VEGETABLES.

Producer prices fell by .3% lead by declines in prices of energy and crude materials.

Forecast data indicate that price trends on producer prices and consumer price levels will remain favorable.

For the first half of 1991 consumer prices rose at an annual rate of 2.1%, well above the 6.1% advance for all of 1990. For the second half of this year, the annual rate of 3.6% is expected. That makes for a 3% price hike for 1991 over last year.

Forecast of producer prices is also favorable. For this year, data call for a 3.6% increase in Producer Price Index for finished goos over 1990.

## TABLE 1.21
## PRICES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1990* | 130.7 | 119.2 | 131.5 | 136.4 | 123.3 | 141.3 |
| 1991:1 | 134.7 | 122.7 | 134.8 | 140.5 | 127.1 | 145.1 |
| 2 | 135.4 | 124.1 | 135.5P | 142.0P | 124.8P | 142.6P |
| 3 | 136.1 | 125.0 | 136.8 | 143.5 | 126.1 | 144.5 |
| 4 | 137.0 | 126.5 | 137.9 | 145.2 | 126.9 | 145.8 |
| YEAR | 135.8 | 124.6 | 136.2 | 142.8 | 126.2 | 144.5 |
| % change from '90 | 3.9 | 4.5 | 3.6 | 4.7 | 2.4 | 2.3 |
| 1992:1 | 138.0 | 127.3 | 139.2 | 147.1 | 127.2 | 146.9 |
| 2 | 139.2 | 130.0 | 140.1 | 148.6 | 128.9 | 148.3 |
| 3 | 141.3 | 131.6 | 142.1 | 150.8 | 130.8 | 149.9 |
| 4 | 142.9 | 133.3 | 143.9 | 153.7 | 131.8 | 151.4 |
| YEAR | 140.3 | 130.6 | 141.3 | 150.1 | 129.7 | 149.1 |
| % change from '91 | 3.4 | 4.8 | 3.7 | 5.1 | 2.7 | 3.2 |
| 1993:1 | 143.6 | 135.2 | 145.9 | 156.3 | 132.9 | 153.3 |
| 2 | 144.9 | 137.1 | 147.9 | 158.6 | 133.7 | 155.9 |
| 3 | 147.5 | 139.6 | 151.0 | 163.1 | 134.8 | 158.7 |
| 4 | 149.4 | 142.5 | 152.3 | 164.9 | 136.4 | 159.8 |
| YEAR | 146.3 | 138.6 | 149.3 | 160.7 | 134.4 | 156.9 |
| % change from '92 | 4.3 | 6.2 | 5.6 | 7.1 | 3.7 | 5.2 |

---

*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | |
|---|---|
| + .76% | State Local Purch. |
| + .34% | Federal Govt. Purch. |
| + .34% | Gross Private Dom. Invest. |
| - .16% | GNP |
| - .57% | Pers. Cons. Expend. |
| -120.5% | Net Exports |

FORECAST OF FOREIGN TRADE IS FAVORABLE. STRONG AND GROWING EXPORTS ARE FORECAST FOR THIS YEAR AND BEYOND.

Net exports are expected to remain at the current low level this year. In 1991, the negative export-import gap is expected to widen marginally.

Compared to KEDI's June forecast, data on nominal GNP has been slightly reduced due to a downward revision of forecast data on price deflators. Data now call for the following increases: 4% this year of 1990; 7.3% in 1992 over 1991; and an additional hike of 7.8% in 1993.

This year and next, increase in nominal GNP will be lead by consumer expenditures. In the next year, expenditures on machinery and equipment by businesses are also expected to increase significantly over this year's expenditures.

## TABLE 1.22
## NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product---------------* | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 5465.1 | 3657.3 | 741.0 | -31.2 | 424.0 | 674.1 |
| 1991:1 | 5562.5 | 3745.3 | 664.2 | 12.1 | 443.5 | 697.4 |
| 2 | 5619.6 | 3811.3 | 670.2 | 7.1 | 437.8 | 693.2 |
| 3 | 5718.5 | 3880.6 | 685.4 | -8.6 | 450.9 | 710.2 |
| 4 | 5807.5 | 3934.6 | 698.5 | -8.3 | 459.9 | 722.9 |
| YEAR | 5677.0 | 3842.9 | 679.6 | .6 | 448.0 | 705.9 |
| % change from '90 | 3.9 | 5.1 | -8.3 | -101.8 | 5.7 | 4.7 |
| 1992:1 | 5907.4 | 4011.1 | 714.3 | -17.6 | 465.6 | 734.1 |
| 2 | 5981.3 | 4059.6 | 718.6 | -22.4 | 477.2 | 748.3 |
| 3 | 6102.2 | 4148.4 | 725.2 | -2[illegible].9 | 491.5 | 763.0 |
| 4 | 6223.2 | 4242.5 | 733.5 | -30.5 | 500.0 | 777.7 |
| YEAR | 6053.5 | 4115.4 | 722.9 | -24.1 | 483.6 | 755.8 |
| % change from '91 | 6.6 | 7.1 | 6.4 | -76.3 | 7.9 | 7.1 |
| 1993:1 | 6355.7 | 4343.2 | 741.8 | -26.2 | 506.7 | 790.1 |
| 2 | 6493.3 | 4451.4 | 748.2 | -25.4 | 513.7 | 805.4 |
| 3 | 6667.7 | 4591.1 | 756.3 | -29.7 | 526.7 | 823.3 |
| 4 | 6789.1 | 4682.0 | 768.5 | -27.1 | 536.2 | 829.5 |
| YEAR | 6576.4 | 4516.9 | 753.7 | -27.1 | 520.8 | 812.1 |
| % change from '92 | 8.6 | 9.8 | 4.3 | 12.4 | 7.7 | 7.5 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | |
|---|---|
| + .51% | Unemployment |
| + .02% | Civilian Labor Force |
| + .02% | Population |
| 0.00% | Agriculture |
| - .04% | Total Employed |
| - .04% | Non Agriculture |

COMPARED TO THE FORECAST PUBLISHED IN THE JUNE ISSUE OF THIS SURVEY, DATA ON EMPLOYMENT HAS BARELY CHANGED.

KEDI forecast of the unemployment rate calls for small declines continuing during the second half of this year, and throughout the next year. The unemployment rate is expected to stabilize in 1993 around 5.6%.

Data indicate that this year's largest drops in unemployment are expected to be in the nondurable manufacturing, followed by durable manufacturing, and a majority of segments of the services-producing industries.

The construction industry, notable its apartment and nonresidential segments, are expected to be in shape no earlier than in 1993.

### TABLE 1.30
### EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Population | Civil. labor force | Total | Agricult. | Non-agric. | Unemployment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1990* | 260.9 | 124.8 | 117.9 | 3.2 | 114.7 | 5.51 |
| 1991:1 | 264.6 | 126.3 | 118.1 | 3.2 | 114.9 | 6.52 |
| 2 | 264.5 | 126.7P | 118.2 | 3.2 | 115.0 | 6.70 |
| 3 | 265.1 | 127.7 | 119.4 | 3.2 | 116.2 | 6.48 |
| 4 | 262.4 | 128.2 | 120.4 | 3.2 | 114.2 | 6.11 |
| YEAR | 264.1 | 127.2 | 119.8 | 3.2 | 116.6 | 6.45 |
| % change from '90 | 1.2 | 1.9 | 1.8 | 0.0 | 1.6 | 17.1 |
| 1992:1 | 267.3 | 128.5 | 120.9 | 3.2 | 117.7 | 5.92 |
| 2 | 268.4 | 130.0 | 122.4 | 3.2 | 119.2 | 5.87 |
| 3 | 269.2 | 130.7 | 123.7 | 3.2 | 120.5 | 6.38 |
| 4 | 269.2 | 131.1 | 123.8 | 3.2 | 120.6 | 5.57 |
| YEAR | 268.5 | 130.1 | 122.7 | 3.2 | 119.5 | 5.69 |
| % change from '91 | 1.7 | 2.2 | 2.5 | 0.0 | 2.5 | -11.89 |
| 1993:1 | 269.8 | 132.0 | 124.6 | 3.2 | 121.4 | 5.62 |
| 2 | 270.3 | 133.1 | 125.8 | 3.2 | 122.6 | 5.48 |
| 3 | 271.2 | 133.3 | 126.1 | 3.2 | 122.9 | 5.43 |
| 4 | 272.1 | 134.7 | 127.3 | 3.2 | 124.1 | 5.46 |
| YEAR | 270.9 | 133.3 | 125.9 | 3.2 | 122.7 | 5.50 |
| % change from '92 | .9 | 2.5 | 2.5 | 0.0 | 2.7 | -3.30 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | |
|---|---|
| + 1.22% | 1-family housing existing |
| + .75% | Permits Issued |
| + .06% | Single Family Housing Starts |
| 0.00% | 1-family housing new |
| - 9.48% | Multiple Family housing starts |
| -10.80% | Mobile home shipments |

HOUSING WILL LEAD THE CURRENT RECOVERY, BUT ITS CONTRIBUTION IS NOT EXPECTED TO BE THE KEY AND DECISIVE FACTOR THAT WILL BE DRIVING THE ECONOMY OUT OF THE SLUMP.

In June, the annual rate of housing starts climbed above one million units (seas, adj.), the third straight increase and the first million-plus month since November. The 5.2% advance included a sharp rebound in the Northeast, with the West being the only region to show a decline. Permits rose by 4% to the annual rate of 1 mil., the fastest since last August.

Forecast data for the rest of this year show that the housing market will continue to improve slowly. Compared to previous recoveries, this one will be mild.

TABLE 1.41
HOUSING
Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR Unit | Single family housing starts mil. | Multi-family housing starts mil. | Mobile home shipments mil. | Permits authorized mil. | 1-Fam. unit price new** tho. $ | 1-Fam. unit price exist** tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | .895 | .298 | .188 | 1.111 | 156.9 | 118.5 |
| 1991:1 | .686P | .178P | .168P | .767P | 160.6 | 118.8 |
| 2 | .798 | .200 | .172 | .954 | 162.0 | 119.8 |
| 3 | .898 | .234 | .180 | 1.168 | 168.2 | 124.5 |
| 4 | .976 | .257 | .190 | 1.153 | 172.4 | 126.8 |
| YEAR | .840 | .217 | .177 | 1.010 | 165.8 | 122.5 |
| % change from '90 | -6.2 | -27.1 | -5.6 | -9.0 | 5.7 | 3.4 |
| 1992:1 | .872 | .226 | .186 | .987 | 173.6 | 125.1 |
| 2 | .901 | .268 | .206 | .994 | 177.8 | 127.9 |
| 3 | .978 | .281 | .211 | 1.178 | 180.2 | 130.4 |
| 4 | .932 | .290 | .201 | 1.108 | 190.3 | 134.6 |
| YEAR | .921 | .266 | .201 | 1.067 | 180.5 | 129.5 |
| % change from '91 | 9.7 | 22.6 | 13.2 | 5.6 | 8.9 | 5.7 |
| 1993:1 | .904 | .254 | .196 | .956 | 194.3 | 135.2 |
| 2 | .948 | .289 | .204 | .998 | 197.6 | 137.3 |
| 3 | .989 | .346 | .218 | 1.157 | 199.2 | 138.7 |
| 4 | .992 | .318 | .211 | 1.102 | 203.4 | 139.9 |
| YEAR | .958 | .302 | .207 | 1.053 | 198.6 | 137.8 |
| % change from '92 | 4.1 | 13.3 | 3.1 | -1.3 | 10.1 | 6.4 |

*Historical data. R = Revised. P = Preliminary.
**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | |
|---|---|
| + 3.57% | Imported Car Sales |
| + .39% | Shipments |
| + .27% | Total Car Sales |
| 0.00% | Dealer Inventory |
| - 1.15% | Domestic Car Sales |
| - 1.88% | Light Truck Sales |

A CONTINUOUS UPWARD TREND IN CAR SALES IS EXPECTED FOR THE REST OF THIS YEAR AND AFTERWARD.

Early July sales of domestically-built vehicles fell a modest 7.7% from a strong period a year earlier. The seasonally adjusted rate was 7.3 mil., the second highest 10-day rate this year.

Forecast data for the rest of this year and next year point to the American automotive market growing more robustly.

The upward trend in the last two months (May and June) is nearly as robust as recovering in 1981 and 1975. Though the July sales have been helped by especially generous rebates intended to clear inventories before the 1992 model year begins in October, forecast data indicate no temporary declines in August and September will take place.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 9.5 | 6.9 | 2.6 | 1.4 | 6.6 | 3.9 |
| 1991:1 | 9.1 | 5.8 | 2.9 | 1.4 | 6.0 | 3.7 |
| 2 | 9.1 | 6.2 | 2.9 | 1.4 | 6.3 | 3.8 |
| 3 | 9.6 | 6.7 | 2.9 | 1.5 | 6.6 | 4.1 |
| 4 | 9.9 | 7.0 | 2.9 | 1.5 | 6.8 | 4.1 |
| YEAR | 9.3 | 6.4 | 2.9 | 1.5 | 6.4 | 3.9 |
| % change from '90 | -1.8 | -6.9 | 11.5 | 7.1 | -2.7 | .6 |
| 1992:1 | 9.6 | 6.4 | 3.2 | 1.6 | 6.9 | 4.2 |
| 2 | 9.9 | 6.7 | 3.2 | 1.6 | 7.1 | 4.6 |
| 3 | 10.3 | 7.1 | 3.2 | 1.7 | 7.3 | 4.6 |
| 4 | 10.2 | 6.9 | 3.3 | 1.7 | 7.1 | 4.5 |
| YEAR | 10.0 | 6.8 | 3.2 | 1.7 | 7.1 | 4.5 |
| % change from '91 | 7.2 | -4.0 | 11.2 | 13.3 | 10.5 | 14.0 |
| 1993:1 | 9.8 | 6.5 | 3.3 | 1.7 | 7.0 | 4.5 |
| 2 | 10.2 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| 3 | 10.8 | 7.2 | 3.3 | 1.8 | 7.2 | 4.6 |
| 4 | 10.7 | 7.4 | 3.4 | 1.8 | 7.2 | 4.6 |
| YEAR | 10.4 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| % change from '92 | 3.5 | .4 | 3.1 | 5.9 | .4 | 2.2 |

*Historical data. R = Revised. P = Preliminary.
**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | |
|---|---|
| - .02% | State Income Tax |
| - .12% | Federal Income Tax |
| - .18% | State Surplus Deficit |
| - .24% | Corporate Profit Tax Accrued |
| - .80% | State Corporate Tax Accrued |
| -13.45% | Federal Surplus Deficit |

IN ITS JULY 15 FORECAST, THE ADMINISTRATION EXPECTS THE FEDERAL BUDGET DEFICIT FOR THE COMING FISCAL YEAR (STARTING OCTOBER 1, 1991) WILL BE NEARLY $350 BIL., AND THE SHORTFALL FOR THIS FISCAL YEAR, $282 BIL.

In its forecast, the Administration has tacitly abandoned its prediction of a balanced budget in fiscal year 1996. Now, it expects the Federal deficit in FY 1966 to be slightly below $100 bil.

For many months, KEDI maintained its position of imbalanced Federal budget in FY 1996. KEDI's prediction of the deficit in FY 1966, published in the June issue of this Survey (KES, June 1991, p. 20), i.e., before the Administration's July 15 release, called for an $86 bil. deficit.

## TABLE 1.50
## FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| | *-----FEDERAL | ----------- | ---* | *---STATE AND LOCAL | ---- | ---* |
|---|---|---|---|---|---|---|
| INDICATOR | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 526.7P | 111.3P | -194.6P | 197.3P | 24.2P | 39.1P |
| 1991:1 | 530.6 | 108.3 | -271.8 | 221.2 | 25.3 | 39.2 |
| 2 | 546.3 | 109.1 | -280.4 | 225.1 | 27.4 | 41.6 |
| 3 | 565.0 | 112.2 | -260.1 | 228.1 | 28.6 | 42.5 |
| 4 | 587.8 | 122.5 | -275.4 | 335.0 | 30.2 | 44.8 |
| YEAR | 557.4 | 113.0 | -271.9 | 252.3 | 27.9 | 42.0 |
| % change from '90 | 5.8 | 1.5 | 39.7 | 27.9 | 15.2 | 7.5 |
| 1992:1 | 595.2 | 127.6 | -304.0 | 243.4 | 30.2 | 45.1 |
| 2 | 620.5 | 131.4 | -349.7 | 246.2 | 31.1 | 46.2 |
| 3 | 642.7 | 140.9 | -283.6 | 252.3 | 33.4 | 48.3 |
| 4 | 651.5 | 145.3 | -267.5 | 263.0 | 34.8 | 49.2 |
| YEAR | 627.5 | 136.3 | -301.2 | 251.2 | 32.4 | 47.2 |
| % change from '91 | 12.6 | 20.6 | 10.8 | -.4 | 16.1 | 12.3 |
| 1993:1 | 674.3 | 150.4 | -265.2 | 273.2 | 35.8 | 50.2 |
| 2 | 713.2 | 155.3 | -188.5 | 280.7 | 37.0 | 51.8 |
| 3 | 740.1 | 159.2 | -171.2 | 291.4 | 38.1 | 53.2 |
| 4 | 766.5 | 163.4 | -114.5 | 297.2 | 39.2 | 54.1 |
| YEAR | 723.5 | 157.1 | -184.8 | 285.6 | 37.5 | 52.3 |
| % change from '92 | 15.3 | 15.2 | -38.6 | 13.7 | 15.9 | 10.9 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | |
|---|---|
| - .02% | Average Weekly Savings |
| - .04% | Corporate After Tax Profit |
| - .36% | Comp. of Employees |
| - .52% | Personal Income |
| - .60% | Personal Disp. Income |
| - 1.42% | Personal Savings |

THE AGGREGATE OF CORPORATE EARNINGS FOR THIS YEAR IS EXPECTED TO BE ALMOST EQUAL TO TOTAL CORPORATE EARNINGS OF LAST YEAR.

However, this years earnings are expected to be imbalanced more significantly than they were in 1990. Forecast data for this year call for a weak performance in many services-producing industries, notably in many segments of banking, transportation, communications, and real estate industries.

A more balanced growth of corporate earnings is expected in 1992.

Forecast data on personal income, personal disposable income and their components point to a moderate growth of these aggregates this year. Their growth is expected to accelerate in 1992 and in 1993 over 1992.

### TABLE 1.60
### INCOME

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1990* | 4645.5 | 3946.1 | 3309.7 | 172.5 | 180.1 | 443.5 |
| 1991:1 | 4661.2 | 3909.4 | 3438.1 | 167.8 | 164.1 | 448.1 |
| 2 | 4755.6P | 3984.2P | 3464.3P | 170.6P | 172.9P | 451.3 |
| 3 | 4857.9 | 4064.8 | 3508.2 | 173.2 | 184.2 | 457.4 |
| 4 | 5058.6 | 4135.8 | 3602.2 | 178.9 | 201.2 | 461.3 |
| YEAR | 4833.3 | 4023.5 | 3503.2 | 172.6 | 180.6 | 454.5 |
| % change from '90 | 4.0 | 2.0 | 5.8 | .1 | .3 | 2.5 |
| 1992:1 | 5219.2 | 4380.6 | 3704.1 | 180.0 | 204.3 | 464.9 |
| 2 | 5306.9 | 4440.2 | 3772.0 | 186.8 | 210.5 | 469.2 |
| 3 | 5437.7 | 4542.7 | 3869.2 | 193.8 | 220.7 | 473.4 |
| 4 | 5551.2 | 4636.7 | 3952.4 | 196.9 | 218.4 | 483.1 |
| YEAR | 5378.7 | 4500.0 | 3824.4 | 189.4 | 213.5 | 472.6 |
| % change from '91 | 11.3 | 11.8 | 9.2 | 9.7 | 18.2 | 4.0 |
| 1993:1 | 5703.1 | 4755.6 | 4017.6 | 199.4 | 232.2 | 485.6 |
| 2 | 5870.0 | 4876.1 | 4100.3 | 204.3 | 241.3 | 488.7 |
| 3 | 6058.0 | 5026.5 | 4153.2 | 207.6 | 249.2 | 491.2 |
| 4 | 6186.1 | 5122.4 | 4201.7 | 213.1 | 251.3 | 492.4 |
| YEAR | 5954.3 | 4945.2 | 4118.2 | 206.1 | 243.5 | 489.5 |
| % change from '92 | 10.7 | 9.9 | 7.7 | 8.8 | 14.1 | 3.6 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

### 1991 FORECAST DATA

Percent Change from June 1991 Forecast

| | | |
|---|---|---|
| + | .92% | Consumer Install. Credit |
| + | .62% | Time Deposits |
| + | .13% | Mortg. at all holders |
| + | .07% | Consumer demand deposits |
| + | .07% | Cons. & indust. loans |
| - | .54% | Large denom. time deposits |

FORECAST FOR MONEY AND CREDIT MARKETS FOR THE SECOND HALF OF THIS YEAR AND FOR 1992 CALLS FOR MODERATE EXPANSION THIS YEAR AND SIGNIFICANT INCREASES IN BORROWING AND MONEY SUPPLY IN 1992.

In 1992 the fastest expanding markets are expected to be those for Federal Government securities due to expected heavy borrowing to finance the record Government deficit; markets for corporate bonds, due to expected strong increase of business capital outlays; markets for consumer credit due to increased consumer borrowing on motor vehicles and other consumer durables.

Markets for mortgages will expand moderately, commensurate with moderate gains in private residential construction. Weakness is expected to prevail in markets for municipal securities, CDs and commercial and industrial loans.

## TABLE 1.70
## MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDICATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2, s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 812.2 | 3293.2 | 750.9 | 577.2 | 533.9 | 3611.3 |
| 1991:1 | 830.2 | 3371.6 | 746.3 | 578.1 | 536.0 | 3644.9 |
| 2 | 841.6 | 3464.9 | 750.2 | 580.1 | 543.1 | 3676.5 |
| 3 | 849.8 | 3580.2 | 762.6 | 584.4 | 547.2 | 3789.3 |
| 4 | 863.9 | 3698.7 | 787.3 | 586.5 | 549.1 | 3799.7 |
| YEAR | 846.4 | 3528.8 | 787.3 | 586.5 | 549.1 | 3799.7 |
| % change from '90 | 4.2 | 7.2 | 4.8 | 5.3 | 2.8 | 5.2 |
| 1992:1 | 879.9 | 3750.3 | 807.2 | 592.4 | 572.0 | 3843.5 |
| 2 | 884.7 | 3739.6 | 828.5 | 597.6 | 578.1 | 3880.9 |
| 3 | 898.7 | 3794.5 | 838.3 | 604.3 | 580.2 | 3949.0 |
| 4 | 907.8 | 3861.2 | 842.7 | 609.3 | 584.7 | 3979.4 |
| YEAR | 892.8 | 3786.4 | 845.7 | 609.3 | 590.7 | 3975.3 |
| % change from '91 | 5.5 | 7.3 | 7.4 | 3.9 | 7.6 | 4.6 |
| 1993:1 | 914.4 | 3936.4 | 853.7 | 610.4 | 604.3 | 4035.2 |
| 2 | 922.3 | 4011.5 | 860.4 | 614.2 | 614.8 | 4096.7 |
| 3 | 928.3 | 4094.3 | 874.5 | 618.3 | 617.8 | 4163.2 |
| 4 | 936.8 | 4189.1 | 898.6 | 630.5 | 620.3 | 4230.5 |
| YEAR | 925.4 | 4057.8 | 898.6 | 630.5 | 620.3 | 4230.5 |
| % change from '92 | 3.7 | 7.2 | 6.3 | 3.5 | 5.0 | 6.4 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

1991
FORECAST
DATA

Percent Change
from
June 1991
Forecast

| | |
|---|---|
| + .33% | 30 year govt. bond yield |
| + .19% | S & P's 500 Avg. |
| - .06% | Prime rate |
| - .06% | Aaa Corp. Bonds |
| - 2.58% | Conv. mortg. rate |
| - 2.69% | Treasury bills 3 mo. yield |

CURRENT AND EXPECTED TRENDS IN OUTPUT, EMPLOYMENT, AND PRICES DO NOT GIVE GROUNDS FOR THE FEDERAL RESERVE TO EITHER RELAX OR TIGHTEN CREDIT CONDITIONS.

KEDI assumes that the interest rate policy of the Federal Reserve will remain neutral for the most of balance of this year. Next year, however, interest rates are predicted to be increasing moderately.

Forecast data indicate that in 1992, the economy will be in good shape with strong gains in output and employment.

With increasing output and employment, inflationary pressures are expected to reappear which will induce the Federal Reserve to check potential price hikes by increasing interest rates.

Furthermore, heavy Federal borrowing and borrowing by businesses to finance capital outlays will push interest rates upward.

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1990* | 7.51 | 10.00 | 9.78 | 9.32 | 8.55 | 334.59 |
| 1991:1 | 5.97 | 8.84 | 9.34P | 8.80P | 8.19P | 370.72P |
| 2 | 5.59 | 8.50 | 9.28 | 8.68 | 8.39 | 380.43 |
| 3 | 5.18 | 8.50 | 9.26 | 8.76 | 8.35 | 394.54 |
| 4 | 5.68 | 8.50 | 8.32 | 8.90 | 8.18 | 389.92 |
| YEAR | 5.60 | 8.59 | 9.05 | 8.79 | 8.28 | 383.90 |
| % change from '90 | -25.4 | -14.1 | -7.5 | -5.7 | -3.2 | 14.7 |
| 1992:1 | 5.74 | 8.50 | 9.42 | 9.11 | 8.09 | 393.60 |
| 2 | 6.01 | 8.64 | 9.51 | 9.21 | 8.12 | 398.28 |
| 3 | 6.47 | 9.04 | 9.62 | 9.23 | 8.36 | 402.46 |
| 4 | 7.02 | 9.11 | 9.80 | 9.57 | 8.45 | 408.52 |
| YEAR | 6.31 | 8.82 | 9.59 | 9.28 | 8.25 | 400.71 |
| % change from '91 | 12.6 | 2.8 | 5.9 | 5.6 | -.3 | 4.4 |
| 1993:1 | 7.16 | 9.69 | 9.97 | 9.66 | 8.40 | 408.56 |
| 2 | 7.22 | 9.85 | 10.14 | 9.84 | 8.26 | 407.32 |
| 3 | 7.29 | 10.14 | 10.34 | 10.02 | 8.18 | 410.71 |
| 4 | 7.48 | 10.36 | 10.65 | 10.29 | 8.04 | 407.23 |
| YEAR | 7.29 | 10.01 | 10.28 | 9.95 | 8.22 | 408.45 |
| % change from '92 | 15.5 | 13.5 | 7.2 | 7.2 | -.4 | 1.9 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue price deflator has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure is in the Survey of Current Business, April 1991 issue, Table 7.1.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
price deflator
(1982=100, seas. adj.)
Actual figure: 133.1

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 132.9 | - .2 |
| Ameritrust, OH | 12/89 | 132.8 | - .2 |
| First National of Chicago, IL | 12/89 | 134.4 | + 1.0 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 133.5 | + .3 |
| Manufacturers Hanover Trust, NY | 12/89 | 132.4 | - .5 |
| Marine Midland, NY | 12/89 | 134.5 | + 1.0 |
| National City Bank, OH | 12/89 | 133.7 | + .5 |
| Shawmut of Boston, MA | 12/89 | 133.1 | .0 |
| Society National Bank, OH | 12/89 | 133.2 | .0 |
| Valley National Bank, AR | 12/89 | 133.0 | .0 |
| Metropolitan Life, NY | 12/89 | 133.6 | + .4 |
| Shearson Lehman, NY | 12/89 | 133.2 | .0 |
| K.E.D.I., Inc, | 12/89 | 134.4 | + 1.0 |
| Fleet Nat'l Bk, Providence, RI | 12/89 | 133.9 | + .6 |
| Morgan Guaranty, NY | 12/89 | 134.6 | + 1.1 |
| Wells Fargo Bank, CA | 12/89 | 133.6 | + .4 |
| Equitable Life | 12/89 | 134.2 | + .9 |
| John Hancock, IL | 12/89 | 133.3 | + .2 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

### TABLE 3.00

### HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth I.I. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

TABLE 3.00

HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |

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# KEDI ECONOMIC SURVEY

August 1991

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SOURCES:

The U. S. Department of Commerce, first estimates of 1991:2, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, July 1991.

The latest available data on prices, employment, industrial and financial developments.

## 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Significant data indicate that the economy will continue expanding at a moderate rate.

### Prices

Recent data and forecast data point to modest inflation now and in the months ahead at both retail and wholesale levels.

### Employment & Labor

In the last two quarters of this year, the unemployment rate is predicted to decline marginally from its second quarter peak.

### Housing

Data on housing demonstrate convincingly that the nationwide real estate recovery is for real.

### Automobiles

In mid-July, sales of domestically-built cars fell slightly. The drop is considered to be temporary.

### Budgets

Revised forecast data now calls for a Budget Deficit of $70 bil. in 1995-1996.

### Income

Personal Income and Personal Disposable Income will continue growing at fairly good rates for the balance of this year.

### Money & Credit

Forecast data for money and credit for the rest of this year and in 1992 show that tightness will prevail in most markets.

### Interest Rates, Yields & Securities Prices

With the Fed policies on hold since April, Fed's officials seem convinced that short-term interests rates are low enough.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1991. | December 1990 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with the USSR, and East Europe will expand in 1992 and following years | July 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the August 1991 KEDI forecast. | |
| * | Growth will slow down in the first half of 1991 and resume in the second half of 1991. | January 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the second half of 1991 interest rates will be stable. In 1992 they will be increasing. | June 1991 |
| * | Federal budget deficits will keep declining in 1993 and the following years. | July 1991 |
| * | In the second half of 1991, the export-import gap will be negative in small amounts. In 1992 it is expected to be increasing negatively. | June 1991 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1991, 1992 and 1993 are on pages indicated below.

| Indicator | Unit | 1990 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4123.9 | 4528.3 | 4659.6 | 4804.1 |
| product, p. 5 | % change | 1.8 | 2.8 | 2.9 | 3.1 |
| Index of indust. | 1977=100 | 108.3 | 119.8 | 123.7 | 127.9 |
| prod., p. 5 | % change | 1.4 | 2.6 | 3.3 | 3.4 |
| Capacity | % | 82.0 | 84.3 | 83.8 | 83.2 |
| utiliz., p. 5 | % change | -.9 | .2 | -.6 | -.8 |
| Unemployment | % | 5.5 | 5.5 | 83.2 | 1.2 |
| rate, p. 5 | % change | .8 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.2 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -6.3 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 9.5 | 10.7 | 11.0 | 11.4 |
| p. 5 | % change | -5.0 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 131.5 | 154.9 | 160.7 | 166.0 |
| price def.,p.11 | % change | 4.1 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 82-84=100 | 130.7 | 151.8 | 157.2 | 163.2 |
| Index, p. 11 | % change | 4.8 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1982=100 | 119.4 | 144.3 | 150.1 | 156.0 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -194.6 | -104.8 | -83.4 | -67.6 |
| p. 21 | % change | -8.4 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4645.5 | 6336.8 | 6818.4 | 7377.5 |
| p. 23 | % change | 6.7 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.0 | 9.6 | 10.3 | 11.2 |
| p. 27 | % change | -3.5 | -3.6 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.8 | 10.8 | 11.1 | 10.9 |
| p. 27 | % change | -2.4 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 811.6 | 971.7 | 1024.2 | 1086.7 |
| deposits , p. 25 | % change | 3.7 | 5.0 | 5.4 | 6.1 |
| Commercial+ind. | bil. $ | 577.2 | 592.8 | 610.0 | 624.0 |
| loans, p. 25 | % change | 3.1 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 93.1 | 92.4 | 93.4 | 90.2 |
| production | % change | 1.3 | -.7 | 1.0 | -3.4 |
| Electric power | mil.kw-hr | 3072 | 3176.4 | 3300.3 | 3438.9 |
| production | % change | 3.0 | 3.4 | 3.9 | 4.2 |
| Bituminous coal | mil.sh.tons | 947 | 956.5 | 960.3 | 973.7 |
| production | % change | 1.3 | 1.0 | .4 | 1.4 |
| Crude oil | avg. daily bbl. | 2973 | 3032.5 | 3062.8 | 3090.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2355.3 | 2522.6 | 2706.7 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

### 1.11 REAL GROWTH

See Table 1.11
Page 5

SIGNIFICANT DATA INDICATE THAT THE ECONOMY WILL CONTINUE EXPANDING AT A MODERATE RATE.

* Purchasing managers index of business activity rose to 51.8 in July from 50.9 in June.

* Index of leading indicators for June increased to 143.6% of the 1982 average, from a revised 142.9% in May.

* Orders for machine tools jumped 13% in June compared to the May figure .

* Sales of existing homes rose for the fifth consecutive month.

* personal income, industrial output, and capacity utilization continued expanding in June.

Data indicate that the expansion will not be robust include durable orders, consumer confidence index, construction spending and calls all of which declined slightly from their May level.

DATA SHOW THAT THE ECONOMY IS CLEARLY IN THE STAGE OF RECOVERY WHICH WILL PURSUE A MODERATE UPWARD TREND THROUGHOUT THE REST OF THE YEAR.

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + 1.69% | Unemployment |
| + .28% | Index Indust. Prod. |
| + .22% | Capacity Util. |
| - .24% | GNP |
| - 2.[illegible] | Autos |
| - 4.36% | Private Housing Starts |

TABLE 1.11
SELECTED INDICATORS I.
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unem- ploy ment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 109.2 | 5.51 | 82.0 | 1.193 | 9.5 |
| 1991:1 | 4126.5 | 105.5 | 6.52 | 79.1 | .915 | 8.2 |
| 2 | 4128.4 | 107.1 | 6.83 | 79.7 | .998 | 9.0 |
| 3 | 4169.2 | 108.3 | 6.78 | 80.0 | 1.102 | 9.4 |
| 4 | 4201.4 | 109.9 | 6.31 | 81.1 | 1.193 | 9.8 |
| YEAR | 4156.4 | 107.7 | 6.61 | 80.0 | 1.052 | 9.1 |
| % change from '90 | -.0 | -1.4 | 20.0 | -2.5 | -11.8 | -4.2 |
| 1992:1 | 4233.2 | 110.8 | 6.08 | 82.0 | 1.095 | 9.6 |
| 2 | 4265.3 | 111.9 | 5.97 | 82.4 | 1.176 | 9.9 |
| 3 | 4294.4 | 112.5 | 5.38 | 83.2 | 1.259 | 10.3 |
| 4 | 4324.7 | 114.1 | 5.57 | 84.0 | 1.222 | 10.2 |
| YEAR | 4279.4 | 112.3 | 5.75 | 82.9 | 1.188 | 10.0 |
| % change from '91 | 3.0 | 4.3 | -13.0 | 3.7 | 12.9 | 9.9 |
| 1993:1 | 4356.2 | 115.1 | 5.62 | 84.1 | 1.158 | 9.8 |
| 2 | 4390.3 | 115.9 | 5.48 | 84.1 | 1.237 | 10.3 |
| 3 | 4415.7 | 117.3 | 5.43 | 84.2 | 1.335 | 10.5 |
| 4 | 4457.7 | 118.6 | 5.46 | 84.3 | 1.310 | 10.8 |
| YEAR | 4405.0 | 116.7 | 5.50 | 84.2 | 1.260 | 10.4 |
| % change from '92 | 2.9 | 3.9 | -4.4 | 1.5 | 6.1 | 3.5 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + .22% | Pers. Con. Expend. Services |
| 0.00% | Retail Sales Durables |
| - .04% | Pers. Con. Expend. Durables |
| - .50% | Retail Sales Total |
| - .71% | Pers. Con. Expand. Nondurable |
| - .80% | Retail Sales Nondurable |

CONSUMER SPENDING INCREASED .5% JUNE, AS DID PERSONAL INCOME.

WAGES AND SALARIES WERE UP 1%.

Data show that consumers brought their spending back into line with income gains. The increase in spending was the most important factor in the economy's overall return to growth in the second quarter of this year.

Forecast data point to a continuous strong growth in consumer spending throughout the rest of the year and beyond. The fastest growth in consumer outlays is expected to be on consumer durables; motor vehicles and parts, and household durables, mainly building materials, furniture, appliances and household electronics.

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| | *--Personal Cons. Expend.-* | | | *------Retail Sales-------* | | |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1990* | 480.3 | 1193.7 | 1983.3 | 1807.2 | 654.8 | 1152.5 |
| 1991:1 | 453.4 | 1212.3 | 2079.6 | 1780.1 | 663.4 | 1116.7 |
| 2 | 468.1P | 1243.2P | 2087.3P | 1837.1P | 684.3P | 1152.8P |
| 3 | 508.2 | 1279.2 | 2078.4 | 1889.3 | 719.2 | 1170.1 |
| 4 | 539.1 | 1280.4 | 2124.1 | 1918.2 | 729.5 | 1188.7 |
| YEAR | 492.2 | 1253.8 | 2092.3 | 1856.2 | 699.1 | 1157.1 |
| % change from '90 | 2.5 | 5.0 | 5.5 | 2.7 | 6.8 | .4 |
| 1992:1 | 530.2 | 1280.1 | 2234.8 | 1964.3 | 748.6 | 1215.7 |
| 2 | 541.4 | 1309.2 | 2298.8 | 1998.2 | 786.1 | 1186.5 |
| 3 | 561.9 | 1320.2 | 2321.3 | 2049.4 | 802.3 | 1247.1 |
| 4 | 572.3 | 1337.7 | 2370.0 | 2117.2 | 825.3 | 1291.9 |
| YEAR | 551.5 | 1311.8 | 2306.2 | 2032.3 | 790.6 | 1235.3 |
| % change from '91 | 12.0 | 4.6 | 10.2 | 9.5 | 13.1 | 6.8 |
| 1993:1 | 580.3 | 1428.5 | 2359.8 | 2129.1 | 837.1 | 1292.0 |
| 2 | 592.8 | 1434.2 | 2439.6 | 2158.9 | 844.3 | 1314.6 |
| 3 | 610.4 | 1451.2 | 2546.2 | 2196.7 | 856.2 | 1340.5 |
| 4 | 619.8 | 1478.4 | 2600.8 | 2254.9 | 862.4 | 1392.5 |
| YEAR | 600.8 | 1448.1 | 2486.6 | 2184.9 | 850.0 | 1334.9 |
| % change from '92 | 9.0 | 10.4 | 7.8 | 7.5 | 7.5 | 8.1 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| +113.93% | Net Exports |
| + .97% | Federal Govt. Purch. |
| - .01% | Pers. Con. Expend. |
| - .10% | State Local Purch. |
| - .24% | GNP |
| - .91% | Gross Private Dom. Invest. |

REAL GNP ROSE AT AN ANNUAL RATE OF .4% IN THE SECOND QUARTER, ACCORDING TO THE FIRST ESTIMATE RELEASED BY THE U.S. DEPARTMENT OF COMMERCE.

That is a significant improvement when compared to the 2.8% decline in the first quarter of this year.

Data on components of GNP confirmed that the economy pulled out of the slump and that recovery has begun.

The biggest factor in the rebound was revitalized spending by consumers which has shown the 3.6% annual rate of the two-quarter decline. A smaller factor was an upturn in housing construction which rose at an annual rate of 3.7%.

Positive data have been shadowed by deterioration in the trade situation which has been one of the healthiest segments of the economy in past months.

Exports were up at a 3.7% annual rate but were surpassed by the 21.2% jump in imports mostly due to an increase in oil purchases.

TABLE 1.13
REAL GNP
Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product---------------* | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 2681.6 | 688.7 | -33.8 | 333.7 | 477.1 |
| 1991:1 | 4126.5 | 2664.9 | 626.1 | 6.4 | 348.8 | 480.3 |
| 2 | 4128.4P | 2687.2P | 625.9P | -18.6 | 349.8P | 484.1P |
| 3 | 4169.2 | 2687.1 | 635.4 | -19.4 | 374.6 | 491.5 |
| 4 | 4201.4 | 2721.8 | 644.2 | -20.6 | 360.2 | 495.8 |
| YEAR | 4156.4 | 2690.2 | 632.9 | -13.1 | 358.4 | 487.9 |
| % change from '90 | -.0 | .3 | -8.1 | -61.4 | 7.4 | 2.3 |
| 1992:1 | 4233.2 | 2738.4 | 652.3 | -20.2 | 363.0 | 499.7 |
| 2 | 4265.3 | 2748.0 | 666.2 | -21.0 | 367.5 | 504.6 |
| 3 | 4294.4 | 2761.6 | 673.5 | -20.5 | 370.8 | 509.0 |
| 4 | 4324.7 | 2777.4 | 680.4 | -21.2 | 374.4 | 513.7 |
| YEAR | 4279.4 | 2756.3 | 668.1 | -20.7 | 368.9 | 506.8 |
| % change from '91 | 3.0 | 2.5 | 5.6 | 58.8 | 3.0 | 3.9 |
| 1993:1 | 4356.2 | 2792.6 | 691.1 | -20.2 | 377.3 | 515.4 |
| 2 | 4390.3 | 2815.7 | 700.1 | -22.4 | 380.3 | 516.6 |
| 3 | 4415.7 | 2829.5 | 705.2 | -23.5 | 385.7 | 518.8 |
| 4 | 4457.7 | 2839.4 | 726.8 | -20.7 | 393.1 | 519.1 |
| YEAR | 4405.0 | 2819.3 | 705.8 | -21.7 | 384.1 | 517.5 |
| % change from '92 | 2.9 | 2.3 | 5.6 | 4.7 | 4.1 | 2.1 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + .17% | GNP |
| 0.00% | Consumer Price Index |
| 0.00% | State Local Purch. |
| - .10% | Pers. Cons. Expend. |
| - .67% | Federal Govt. Purch. |
| - 1.22% | Producer Price Index |

RECENT DATA AND FORECAST DATA POINT TO MODEST INFLATION NOW AND IN THE MONTHS AHEAD AT BOTH RETAIL AND WHOLESALE LEVELS.

Forecast data show price increases will be modest in the coming months:

* price increases in energy and food are expected to be modest. For the rest of this year, international price of oil is expected to hover around $22 per barrel, and prices of food items in the producer price index are predicted to increase by a .1% average at annualized rates.

* prices of raw materials in international markets are expected to remain stable for the rest of this year and in 1992.

* the existing and new wage contracts point to and average 2% hike in wages.

In summary, prices at the consumer level are expected to increase this year by 3.6% and prices at the producer level by 3.8% this year over 1990--a significant improvement when compared to respective inflation rates of 4.5% and 5.2% experienced a year ago.

TABLE 1.21
PRICES
Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1990* | 130.7 | 119.2 | 131.5 | 136.4 | 123.3 | 141.3 |
| 1991:1 | 134.8 | 121.3 | 134.8 | 140.5 | 124.2 | 145.1 |
| 2 | 135.4 | 122.1 | 136.1P | 141.4P | 124.7P | 142.3P |
| 3 | 136.0 | 123.4 | 136.9 | 143.9 | 125.8 | 144.5 |
| 4 | 137.0 | 125.5 | 137.9 | 144.9 | 126.7 | 145.8 |
| YEAR | 135.8 | 123.1 | 136.4 | 142.7 | 125.3 | 144.5 |
| % change from '90 | 3.9 | 3.3 | 3.7 | 4.6 | 1.7 | 2.3 |
| 1992:1 | 137.8 | 126.3 | 139.8 | 147.7 | 127.2 | 146.9 |
| 2 | 139.0 | 129.1 | 141.9 | 151.0 | 128.9 | 148.3 |
| 3 | 140.8 | 130.6 | 142.8 | 152.2 | 130.8 | 149.9 |
| 4 | 142.4 | 133.3 | 144.2 | 154.1 | 131.8 | 151.4 |
| YEAR | 140.0 | 129.8 | 142.2 | 151.3 | 129.7 | 149.1 |
| % change from '91 | 3.1 | 5.5 | 4.2 | 6.0 | 3.5 | 3.2 |
| 1993:1 | 143.6 | 134.2 | 145.9 | 156.4 | 132.9 | 153.3 |
| 2 | 144.9 | 136.1 | 147.9 | 158.6 | 133.7 | 155.9 |
| 3 | 147.5 | 138.6 | 151.0 | 162.9 | 134.8 | 158.7 |
| 4 | 149.4 | 141.5 | 152.3 | 223.6 | 136.4 | 159.8 |
| YEAR | 146.3 | 137.6 | 149.3 | 175.4 | 134.4 | 156.9 |
| % change from '92 | 4.5 | 6.0 | 5.0 | 15.9 | 3.7 | 5.2 |

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*Historical data. R = Revised. P = Preliminary.

**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| +62.50% | Net Exports |
| + 1.52% | Federal Govt. Purch. |
| + .29% | State Local Purch. |
| - .11% | GNP |
| - .12% | Pers. Cons. Expend. |
| - 1.63% | Gross Private Dom. Invest. |

FORECAST DATA FOR NOMINAL GNP AND ITS COMPONENTS CALL FOR CONTINUING INCREASES IN THE THIRD AND FOURTH QUARTERS OF THIS YEAR.

The main factors which are expected to contribute to the growth are consumer spending, residential construction and growth of inventories.

Currently, inventories in manufacturing and trade are at extremely low levels. Forecast data indicate that in the third and fourth quarters of this year inventories will be rebuilt at annualized rates of $15 and $20 billion, respectively.

Forecast data indicate continuous strong gains in imports in the second half of this year and afterward, surpassing the growth of exports. Faster growth of imports is expected to continue in 1992 and will turn the balance of trade back to the red next year.

## TABLE 1.22
## NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product---------------* | | | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 5465.1 | 3657.3 | 741.0 | -31.2 | 424.0 | 674.1 |
| 1991:1 | 5562.5 | 3745.3 | 664.2 | 12.1 | 443.5 | 697.4 |
| 2 | 5618.8 | 3799.0 | 661.0 | 9.4 | 448.2 | 701.2 |
| 3 | 5707.6 | 3865.8 | 668.4 | -8.0 | 471.2 | 710.2 |
| 4 | 5793.7 | 3943.6 | 680.5 | -9.6 | 456.4 | 722.9 |
| YEAR | 5670.7 | 3838.4 | 668.5 | 1.0 | 454.8 | 707.9 |
| % change from '90 | 3.8 | 5.0 | -9.8 | -103.1 | 7.3 | 5.0 |
| 1992:1 | 5918.0 | 4045.1 | 694.3 | -17 [illegible] | 461.7 | 734.1 |
| 2 | 6052.5 | 4149.4 | 702.6 | -21.6 | 473.7 | 748.3 |
| 3 | 6132.4 | 4203.4 | 705.2 | -24.2 | 485.0 | 763.0 |
| 4 | 6236.2 | 4280.0 | 713.5 | -28.5 | 493.5 | 777.7 |
| YEAR | 6084.8 | 4169.5 | 703.9 | -22.9 | 478.5 | 755.8 |
| % change from '91 | 7.3 | 8.6 | 5.3 | -77.8 | 5.2 | 6.8 |
| 1993:1 | 6355.7 | 4368.6 | 721.8 | -26.2 | 501.4 | 790.1 |
| 2 | 6493.3 | 4466.6 | 738.2 | -25.4 | 508.5 | 805.4 |
| 3 | 6667.7 | 4607.8 | 746.3 | -29.7 | 519.9 | 823.3 |
| 4 | 6789.1 | 4699.0 | 751.5 | -27.1 | 536.2 | 829.5 |
| YEAR | 6576.4 | 4535.5 | 739.5 | -27.1 | 516.5 | 812.1 |
| % change from '92 | 8.1 | 8.8 | 5.1 | 18.5 | 7.9 | 7.5 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + 2.48% | Unemployment |
| + .02% | Population |
| 0.00% | Agriculture |
| - 1.16% | Civilian Labor Force |
| - 1.32% | Total Employed |
| - 1.36% | Non Agriculture |

IN THE THIRD AND FOURTH QUARTERS OF THIS YEAR, THE UNEMPLOYMENT RATE IS PREDICTED TO DECLINE MARGINALLY FROM ITS SECOND QUARTER PEAK.

Forecast calls for continuing small declines in 1992 and stabilizing around 5.5-5.6% in 1993.

Data on employment in the 1992-1993 period indicate that the employment conditions in nonresidential construction, banking and insurance will improve not earlier than in 1993. Segments of the transportation industry, notably airlines, and the real estate segment are expected to get out of major troubles during the next year.

### TABLE 1.30
### EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| | | | *-------Employment-------* | | | |
|---|---|---|---|---|---|---|
| INDICATOR | Population | Civil. labor force | Total | Agricult. | Non-agric. | Unemployment rate |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1990* | 260.9 | 124.8 | 117.9 | 3.2 | 114.7 | 5.51 |
| 1991:1 | 264.6 | 124.0 | 115.9 | 3.2 | 112.7 | 6.52 |
| 2 | 264.5 | 125.1P | 116.6P | 3.2 | 113.4P | 6.83 |
| 3 | 265.1 | 126.4 | 117.8 | 3.2 | 114.6 | 6.78 |
| 4 | 262.4 | 127.4 | 119.4 | 3.2 | 114.2 | 6.31 |
| YEAR | 264.1 | 125.7 | 118.2 | 3.2 | 115.0 | 6.61 |
| % change from '90 | 1.2 | .7 | .7 | 0.0 | .3 | 20.0 |
| 1992:1 | 267.3 | 128.0 | 120.2 | 3.2 | 117.0 | 6.08 |
| 2 | 268.4 | 129.1 | 121.4 | 3.2 | 118.2 | 5.97 |
| 3 | 269.2 | 130.0 | 123.0 | 3.2 | 119.8 | 5.38 |
| 4 | 269.2 | 130.9 | 123.6 | 3.2 | 120.4 | 5.57 |
| YEAR | 268.5 | 129.5 | 122.1 | 3.2 | 118.9 | 5.75 |
| % change from '91 | 1.7 | 3.0 | 3.4 | 0.0 | 3.3 | -13.0 |
| 1993:1 | 269.8 | 131.6 | 124.2 | 3.2 | 121.0 | 5.62 |
| 2 | 270.3 | 132.5 | 125.2 | 3.2 | 122.0 | 5.48 |
| 3 | 271.2 | 133.0 | 125.8 | 3.2 | 122.6 | 5.43 |
| 4 | 272.1 | 134.3 | 127.0 | 3.2 | 123.8 | 5.46 |
| YEAR | 270.9 | 132.8 | 125.5 | 3.2 | 122.3 | 5.50 |
| % change from '92 | .9 | 2.6 | 2.7 | 0.0 | 2.9 | -4.39 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + 2.17% | Single Family Housing Starts |
| + .62% | Permits Issued |
| 0.00% | Mobile Home Shipments |
| 0.00% | 1-family housing new |
| - .02% | 1-family housing existing |
| - 7.03% | Multiple Family housing starts |

DATA ON HOUSING DEMONSTRATE CONVINCINGLY THAT THE NATIONWIDE REAL ESTATE RECOVERY IS FOR REAL.

* The July housing starts are expected to increase over the June data. The number of housing units starts has been rising each month since January, except March.

* In June, sales of existing homes rose for the fifth consecutive month. The June seasonally adjusted annual rate was 3.6 mil. units, up 1.4% from May and up 6.5% from the year-earlier level. Forecast data point to further increases in coming months.

* At the end of June, the seasonally adjusted estimate of new houses for sale was 295 thousand, the lowest since 288 thousand in July 1983.

Forecast data for the rest of this year indicate a continuous increase in single-family units starts, and a more vigorous expansion in 1992.

Data on apartment housing are not as favorable. They are expected to return back to normal in 1993.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR Unit | Single family housing starts mil. | Multi-family housing starts mil. | Mobile home ship-ments mil. | Permits author-ized mil. | 1-Fam. unit price new** tho. $ | 1-Fam. unit price exist** tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | .895 | .298 | .188 | 1.111 | 156.9 | 118.5 |
| 1991:1 | .726P | .189P | .167 | .840P | 160.6 | 118.8 |
| 2 | .863P | .167P | .171 | .964 | 162.0 | 119.8 |
| 3 | .898 | .204 | .180 | 1.108 | 168.2 | 124.5 |
| 4 | .946 | .247 | .190 | 1.153 | 172.4 | 126.8 |
| YEAR | .858 | .202 | .177 | 1.016 | 165.8 | 122.5 |
| % change from '90 | -4.1 | -32.3 | -5.9 | -8.5 | 5.7 | 3.4 |
| 1992:1 | .875 | .220 | .186 | .987 | 173.6 | 125.1 |
| 2 | .908 | .268 | .206 | .994 | 177.8 | 127.9 |
| 3 | .978 | .281 | .211 | 1.178 | 180.2 | 130.4 |
| 4 | .932 | .290 | .201 | 1.108 | 190.3 | 134.6 |
| YEAR | .923 | .265 | .201 | 1.067 | 180.5 | 129.5 |
| % change from '91 | 7.6 | 31.2 | 13.6 | 5.0 | 8.9 | 5.7 |
| 1993:1 | .904 | .254 | .196 | .956 | 194.3 | 135.2 |
| 2 | .948 | .289 | .204 | .998 | 197.6 | 137.3 |
| 3 | .989 | .346 | .218 | 1.157 | 199.2 | 138.7 |
| 4 | .992 | .318 | .211 | 1.102 | 203.4 | 139.9 |
| YEAR | .958 | .302 | .207 | 1.053 | 198.6 | 137.8 |
| % change from '92 | 3.8 | 14.0 | 3.1 | -1.3 | 10.1 | 6.4 |

*Historical data. R = Revised. P = Preliminary.
**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + .39% | Domestic Car Sales |
| 0.00% | Dealer Inventory |
| - .39% | Shipments |
| - 2.15% | Total Car Sales |
| - 5.13% | Light Truck Sales |
| - 7.76% | Imported Car Sales |

IN MID-JULY, SALES OF DOMESTICALLY-BUILT CARS FELL SLIGHTLY. THE DROP IS CONSIDERED TO BE TEMPORARY.

In the past three months, April, May, and June, sales of domestically-built (U.S.A., Canada, and Mexico) cars were increasing at fairly good rates, and forecast data indicate that the favorable trend will continue throughout the rest of this year and beyond. The automobile market is clearly on the way up.

Forecast data of sales of light-duty trucks call for a slow market in the third quarter of this year, and a significant improvement in the last quarter of 1991.

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 9.5 | 6.9 | 2.6 | 1.4 | 6.6 | 3.7 |
| 1991:1 | 8.2 | 6.0 | 2.2 | 1.3 | 6.0 | 3.2 |
| 2 | 9.0 | 6.3 | 2.7 | 1.4 | 6.3 | 3.5 |
| 3 | 9.4 | 6.5 | 2.9 | 1.5 | 6.5 | 4.0 |
| 4 | 9.8 | 6.9 | 2.9 | 1.5 | 6.7 | 4.1 |
| YEAR | 9.1 | 6.4 | 2.7 | 1.5 | 6.4 | 3.7 |
| % change from '90 | -4.2 | -6.9 | 2.9 | 7.1 | -3.4 | 0.0 |
| 1992:1 | 9.6 | 6.4 | 3.2 | 1.6 | 6.9 | 4.0 |
| 2 | 9.9 | 6.7 | 3.2 | 1.6 | 7.1 | 4.5 |
| 3 | 10.3 | 7.1 | 3.2 | 1.7 | 7.3 | 4.3 |
| 4 | 10.2 | 6.9 | 3.3 | 1.7 | 7.1 | 4.5 |
| YEAR | 10.0 | 6.8 | 3.2 | 1.7 | 7.1 | 4.3 |
| % change from '91 | 9.9 | -10.7 | 20.6 | 13.3 | 11.4 | 16.9 |
| 1993:1 | 9.8 | 6.5 | 3.3 | 1.7 | 7.0 | 4.5 |
| 2 | 10.2 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| 3 | 10.8 | 7.2 | 3.3 | 1.8 | 7.2 | 4.6 |
| 4 | 10.7 | 7.4 | 3.4 | 1.8 | 7.2 | 4.6 |
| YEAR | 10.4 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| % change from '92 | 3.5 | .4 | 3.1 | 5.9 | .4 | 5.8 |

*Historical data. R = Revised. P = Preliminary.
**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| - 3.53% | State Income Tax |
| - 3.99% | Federal Income Tax |
| - 8.98% | Corporate Profit Tax Accrued |
| -15.59% | State Corporate Tax Accrued |
| -23.87% | State Surplus Deficit |
| -44.87% | Federal Surplus Deficit |

In Table 1.50 on the following page, forecast data on Federal budget deficits has been revised. The revision eliminates the effects of the Saving and Loan crisis and the Gulf War, included, up to the July issue of this Survey in forecast data on Federal budget deficits.

Data on deficits correspond, now, to data on past deficits reported in the U. S. Department of Commerce statistics, published in the Survey of Current Business, in the tables on Federal Budget receipts and outlays.

Though the data on deficits are, now, for years 1991-1993, lower when compared to those in previous issues of this Survey, they indicate, again, the 1995-1996 deficit of $70 bil.

## TABLE 1.50
## FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| | *-----FEDERAL | ----------* | | *---STATE AND LOCAL | ----* | |
|---|---|---|---|---|---|---|
| INDICATOR | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 492.8 | 108.5 | -166.0 | 206.6 | 23.6 | 35.4 |
| 1991:1 | 501.3 | 98.0 | -126.9 | 213.3 | 20.1 | 30.0 |
| 2 | 526.4 | 99.2 | -137.4 | 215.2 | 22.3 | 31.4 |
| 3 | 545.7 | 102.2 | -160.2 | 220.1 | 24.7 | 32.7 |
| 4 | 567.3 | 112.0 | -175.1 | 325.0 | 27.1 | 33.8 |
| YEAR | 535.2 | 102.8 | -149.9 | 243.4 | 23.6 | 32.0 |
| % change from '90 | 8.6 | -5.2 | -9.7 | 17.8 | -.2 | -9.7 |
| 1992:1 | 570.4 | 117.6 | -184.0 | 233.4 | 28.4 | 35.2 |
| 2 | 580.2 | 121.3 | -179.6 | 236.9 | 30.0 | 36.7 |
| 3 | 586.7 | 130.2 | -163.4 | 242.3 | 32.4 | 38.8 |
| 4 | 591.4 | 133.4 | -157.2 | 253.7 | 34.8 | 39.2 |
| YEAR | 582.2 | 125.6 | -171.1 | 241.6 | 31.4 | 37.5 |
| % change from '91 | 8.8 | 22.1 | 14.1 | -.7 | 33.3 | 17.2 |
| 1993:1 | 599.3 | 140.1 | -145.7 | 263.1 | 35.4 | 40.3 |
| 2 | 603.2 | 145.2 | -138.4 | 270.2 | 36.6 | 41.6 |
| 3 | 614.2 | 150.7 | -121.5 | 281.5 | 37.8 | 43.5 |
| 4 | 619.7 | 154.5 | -104.9 | 287.4 | 39.2 | 44.8 |
| YEAR | 609.1 | 147.6 | -127.6 | 275.6 | 37.2 | 42.5 |
| % change from '92 | 4.6 | 17.5 | -25.4 | 14.1 | 18.6 | 13.5 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + .66% | Average Weekly Savings |
| 0.00% | Personal Savings |
| - .10% | Comp. of Employees |
| - .11% | Personal Disp. Income |
| - .74% | Personal Income |
| - 2.13% | Corporate After Tax Profit |

PERSONAL INCOME ROSE IN JUNE TO A SEASONALLY ADJUSTED RATE OF $4.80 TRILLION FROM A REVISED $4.78 TRILLION A MONTH EARLIER. Forecast data indicate that Personal Income and Personal Disposable Income will continue growing at fairly good rates in the third and fourth quarters and in 1992.

The outlook for income of businesses this year is not optimistic. Total after-tax profits are expected to be below those of 1990, mainly due to expected significant declines in profits and losses of automakers, banking and insurance, airlines, real estate, and nonresidential construction. Forecast data for 1992 show an improvement over this when most of these segments are expected to be out of main troubles.

### TABLE 1.60
### INCOME
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1990* | 4645.5 | 3946.1 | 3309.7 | 172.5 | 180.1 | 443.5 |
| 1991:1 | 4624.0 | 3909.4 | 3438.1 | 167.8 | 164.1 | 448.1 |
| 2 | 4755.2P | 3993.1P | 3458.2P | 165.6P | 176.9P | 456.2 |
| 3 | 4815.8 | 4050.0 | 3500.3 | 163.4 | 184.2 | 461.4 |
| 4 | 5037.1 | 4144.8 | 3602.2 | 178.9 | 201.2 | 464.3 |
| YEAR | 4797.6 | 4019.0 | 3499.7 | 168.9 | 180.6 | 457.5 |
| % change from '90 | 3.3 | 1.8 | 5.7 | -2.1 | .3 | 3.2 |
| 1992:1 | 5243.3 | 4439.5 | 3704.1 | 170.1 | 204.3 | 469.9 |
| 2 | 5370.6 | 4553.5 | 3772.0 | 180.2 | 210.5 | 473.2 |
| 3 | 5449.8 | 4620.8 | 3869.2 | 190.1 | 220.7 | 476.4 |
| 4 | 5543.9 | 4698.8 | 3952.4 | 192.9 | 218.4 | 483.1 |
| YEAR | 5401.9 | 4578.2 | 3824.4 | 183.3 | 213.5 | 475.6 |
| % change from '91 | 12.6 | 13.9 | 9.3 | 8.5 | 18.2 | 4.0 |
| 1993:1 | 5671.3 | 4808.9 | 4017.6 | 196.4 | 232.2 | 485.6 |
| 2 | 5794.5 | 4921.1 | 4100.3 | 204.3 | 241.3 | 488.7 |
| 3 | 5969.4 | 5073.7 | 4153.2 | 207.6 | 249.2 | 491.2 |
| 4 | 6077.9 | 5170.8 | 4201.7 | 210.2 | 251.3 | 492.4 |
| YEAR | 5878.3 | 4993.6 | 4118.2 | 204.6 | 243.5 | 489.5 |
| % change from '92 | 8.8 | 9.1 | 7.7 | 11.6 | 14.1 | 2.9 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + .24% | Cons. & indust. loans |
| - .13% | Mortg. at all holders |
| - .25% | Consumer Install. Credit |
| - .17% | Consumer demand deposits |
| - 1.64% | Large denom. time deposits |
| - 2.55% | Time deposits |

FORECAST DATA FOR MONEY AND CREDIT FOR THE REST OF THIS YEAR AND IN 1992 SHOW THAT TIGHTNESS WILL PREVIAL IN MOST MARKETS.

The fastest expanding market is expected to be for Government securities due to Federal Budget deficits. The second fastest growing markets are predicted for consumer credit and, in 1992 and beyond, for corporate bonds. The market for consumer credit will expand strongly due to the expected increases of consumer demand for automobiles and household durables, and the market for corporate bonds due to the demand for funds to finance corporate capital outlays.

Forecast data call for fast growing demand for funds in markets for municipal securities due to the expected growing deficits of local budgets. Markets for long-term deposits, especially those included in money supply M2, are expected to grow at significantly slow rates.

Expansion of money supply, M1, is forecasted to be within 3.5-4.0% annually this and the following years.

---

## TABLE 1.70
## MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDICATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2, s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 812.2 | 3293.2 | 750.9 | 577.2 | 533.9 | 3611.3 |
| 1991:1 | 830.2 | 3371.6 | 746.3 | 578.1 | 536.0 | 3644.9 |
| 2 | 840.1P | 3404.1 | 748.7 | 580.6 | 541.2 | 3670.5 |
| 3 | 849.0 | 3450.3 | 762.6 | 584.4 | 543.4 | 3789.3 |
| 4 | 860.5 | 3528.7 | 485.3 | 587.9 | 540.1 | 3794.7 |
| YEAR | 845.0 | 3438.7 | 785.3 | 587.9 | 540.1 | 3794.7 |
| % change from '90 | 4.0 | 4.4 | 4.6 | 5.3 | 1.2 | 5.1 |
| 1992:1 | 870.3 | 3600.5 | 801.2 | 592.4 | 562.1 | 3843.5 |
| 2 | 880.7 | 3669.4 | 828.2 | 597.6 | 578.1 | 3880.9 |
| 3 | 894.7 | 3704.5 | 838.3 | 604.3 | 580.2 | 3949.0 |
| 4 | 907.8 | 3761.2 | 838.7 | 610.7 | 581.3 | 3979.4 |
| YEAR | 888.4 | 3683.9 | 838.7 | 610.7 | 581.3 | 3975.3 |
| % change from '91 | 5.1 | 7.1 | 6.8 | 3.9 | 7.6 | 4.8 |
| 1993:1 | 914.4 | 3836.4 | 853.7 | 610.4 | 604.3 | 4035.2 |
| 2 | 922.3 | 3901.2 | 860.4 | 614.2 | 610.8 | 4096.7 |
| 3 | 928.3 | 3974.3 | 874.5 | 618.3 | 613.8 | 4163.2 |
| 4 | 936.8 | 4039.5 | 898.6 | 630.5 | 618.2 | 4230.5 |
| YEAR | 925.4 | 3937.8 | 898.6 | 630.5 | 618.2 | 4230.5 |
| % change from '92 | 4.2 | 6.9 | 7.1 | 3.2 | 6.3 | 6.4 |

---

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

SINCE LATE APRIL OF THIS YEAR, THE FEDERAL RESERVE HAS KEPT ITS POLICY ON HOLD. APPARENTLY, FED'S OFFICIALS HAD BEEN CONVINCED THAT SHORT-TERM INTEREST RATES WERE LOW ENOUGH TO ENSURE A MODERATE RECOVERY.

It is anticipated that the Federal Reserve stance will remain unchanged in coming months: the economy is clearly climbing out of the slump and prices at the retail and wholesale levels appear to be under control. That means the expected developments are not giving the Fed enough ground for pushing interest rates neither up nor down in the rest of this year.

Forecast data for 1992 point to the Federal Government demand for funds to be the major force contributing to pressures for upward movement of the interest rate levels.

KEDI forecast calls for marginally increasing interest rates throughout the year.

1991
FORECAST
DATA

Percent Change
from
July 1991
Forecast

| | |
|---|---|
| + 2.79% | Conv. mortg. rate |
| + .24% | 30 year govt. bond yield |
| + .13% | S & P's 500 Avg. |
| - .06% | Prime rate |
| - .20% | Aaa Corp. bonds |
| - .49% | Treasury bills 3 mo. yield |

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1990* | 7.51 | 10.00 | 9.78 | 9.32 | 8.55 | 334.59 |
| 1991:1 | 5.97 | 8.84 | 9.34 | 8.80 | 8.19 | 370.72 |
| 2 | 5.58P | 8.50 | 9.29 | 8.66 | 8.38P | 380.43P |
| 3 | 5.28 | 8.50 | 9.26 | 8.76 | 8.35 | 394.54 |
| 4 | 5.46 | 8.50 | 9.32 | 8.87 | 8.28 | 389.92 |
| YEAR | 5.57 | 8.59 | 9.30 | 8.77 | 8.30 | 384.41 |
| % change from '90 | -25.8 | -14.1 | -4.9 | -5.9 | -2.9 | 14.9 |
| 1992:1 | 5.74 | 8.50 | 9.42 | 9.11 | 8.19 | 393.60 |
| 2 | 6.01 | 8.64 | 9.51 | 9.21 | 8.22 | 398.28 |
| 3 | 6.47 | 9.04 | 9.62 | 9.23 | 8.36 | 402.46 |
| 4 | 7.02 | 9.11 | 9.80 | 9.57 | 8.45 | 408.52 |
| YEAR | 6.31 | 8.82 | 9.59 | 9.28 | 8.30 | 400.71 |
| % change from '91 | 13.2 | 2.8 | 3.1 | 5.8 | .1 | 4.2 |
| 1993:1 | 7.16 | 9.69 | 9.97 | 9.66 | 8.40 | 408.56 |
| 2 | 7.22 | 9.85 | 10.14 | 9.84 | 8.26 | 407.32 |
| 3 | 7.29 | 10.14 | 10.34 | 10.02 | 8.18 | 410.71 |
| 4 | 7.46 | 10.36 | 10.65 | 10.29 | 8.04 | 407.23 |
| YEAR | 7.29 | 10.01 | 10.28 | 9.95 | 8.22 | 408.45 |
| % change from '92 | 15.5 | 13.5 | 7.2 | 7.2 | -1.0 | 1.9 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue Personal Disposable Income has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure is in the Survey of Current Business, April 1991 issue, Table 2.1.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Personal Disposable Income
(bil. dollars, seas. adj.)
Actual figure: 4001.9

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 4109.0 | + 2.7 |
| Ameritrust, OH | 12/89 | 4120.9 | + 3.0 |
| First National of Chicago, IL | 12/89 | 4105.0 | + 2.6 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 4069.0 | + 1.7 |
| Manufacturers Hanover Trust, NY | 12/89 | 4065.0 | + 1.6 |
| Marine Midland, NY | 12/89 | 4180.0 | + 4.4 |
| National City Bank, OH | 12/89 | 4092.0 | + 2.3 |
| Shawmut of Boston, MA | 12/89 | 4085.0 | + 2.1 |
| Society National Bank, OH | 12/89 | 4031.0 | + .7 |
| Valley National Bank, AR | 12/89 | 4070.0 | + 1.7 |
| Metropolitan Life, NY | 12/89 | 4095.0 | + 2.3 |
| Shearson Lehman, NY | 12/89 | 4105.0 | + 2.5 |
| K.E.D.I., Inc, | 12/89 | 4080.5 | + 2.0 |
| Fleet Nat'l Bk, Providence, RI | 12/89 | 4261.1 | + 6.2 |
| Morgan Guaranty, NY | 12/89 | 4173.0 | + 4.3 |
| Equitable Life | 12/89 | 4121.8 | + 3.0 |
| Fidelity Bank, PA | 12/89 | 4115.0 | + 2.8 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

### TABLE 3.00

### HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

TABLE 3.00

HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |

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# KEDI ECONOMIC SURVEY

September 1991

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SOURCES:

The U. S. Department of Commerce, second estimates of 1991:2, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, August 1991.

The latest available data on prices, employment, industrial and financial developments.

# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Look for future economic growth in manufacturing, single-family housing, and health services.

### Prices

Inflation ran at 3% in 1991:2, while price level increased by 3.2% as measured by GNP price deflator.

### Employment & Labor

In August, the unemployment rate held steady at 6.8%, unchanged from July.

### Housing

The value of newly started residential building rose 6% in July, extending the upward climb that started in March.

### Automobiles

For August, total car and light truck sales, including imports, fell 11% compared to August 1990.

### Budgets

Data show Federal deficit is expected to peak in the second quarter of 1992, and will keep declining afterward.

### Income

Personal income fell in July to a seas. adj. rate of $4.808 trillion, but is considered to be a temporary drop.

### Money & Credit

Forecast data for M1 and M2 indicate moderate growth of about 4% and 6.5%, respectively for this year and next.

### Interest Rates, Yields & Securities Prices

Look for a neutral posture from the Fed in not increasing interest rates to stimulate the economy.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1991, the weighted price of oil will increase as compared to 1990. It will continue increasing in the 1991-1992 period. | January 1991 |
| 2. | Monetary and credit policies are expected to relax somewhat in the first half of 1991 and tighten in second half of 1992. | September 1991 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with the USSR, and East Europe will expand in 1992 and following years | July 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. The return to more normal conditions in the Mid-East is anticipated to take place in the middle of 1991. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the September 1991 KEDI forecast. | |
| * | Growth will resume in the second half of 1991. | September 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the second half of 1991 interest rates will be stable. In 1992 they will be increasing. | June 1991 |
| * | Federal budget deficits will keep declining in 1993 and the following years. | July 1991 |
| * | In the second half of 1991, the export-import gap will be negative in small amounts. In 1992 it is expected to be increasing negatively. | June 1991 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1991, 1992 and 1993 are on pages indicated below.

| Indicator | Unit | 1990 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4123.9 | 4526.8 | 4658.0 | 4802.4 |
| product, p. 5 | % change | 1.8 | 2.8 | 2.9 | 3.1 |
| Index of indust. | 1977=100 | 108.3 | 119.8 | 123.7 | 127.9 |
| prod., p. 5 | % change | 1.4 | 2.6 | 3.3 | 3.4 |
| Capacity | % | 82.0 | 84.3 | 83.8 | 83.2 |
| utiliz., p. 5 | % change | -.9 | .2 | -.6 | -.8 |
| Unemployment | % | 5.5 | 5.5 | 83.2 | 1.2 |
| rate, p. 5 | % change | .8 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.2 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -6.3 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 9.5 | 10.7 | 11.0 | 11.4 |
| p. 5 | % change | -5.0 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 131.5 | 154.8 | 160.5 | 165.8 |
| price def.,p.11 | % change | 4.1 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 82-84=100 | 130.7 | 151.8 | 157.2 | 163.2 |
| Index, p. 11 | % change | 4.8 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1982=100 | 119.4 | 143.5 | 149.2 | 155.0 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -194.6 | -106.0 | -84.4 | -68.4 |
| p. 21 | % change | -8.4 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4645.5 | 6335.9 | 6817.4 | 7376.4 |
| p. 23 | % change | 6.7 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.0 | 9.4 | 10.1 | 10.9 |
| p. 27 | % change | -3.5 | -3.6 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.8 | 10.8 | 11.1 | 10.9 |
| p. 27 | % change | -2.4 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 811.6 | 970.7 | 1023.1 | 1085.6 |
| deposits , p. 25 | % change | 3.7 | 5.0 | 5.4 | 6.1 |
| Commercial+ind. | bil. $ | 577.2 | 592.8 | 610.0 | 624.0 |
| loans, p. 25 | % change | 3.1 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 93.1 | 92.4 | 93.4 | 90.2 |
| production | % change | 1.3 | -.7 | 1.0 | -3.4 |
| Electric power | mil.kw-hr | 3072 | 3176.4 | 3300.3 | 3438.9 |
| production | % change | 3.0 | 3.4 | 3.9 | 4.2 |
| Bituminous coal | mil.sh.tons | 947 | 956.5 | 960.3 | 973.7 |
| production | % change | 1.3 | 1.0 | .4 | 1.4 |
| Crude oil | avg. daily bbl. | 2973 | 3032.5 | 3062.8 | 3090.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2355.3 | 2522.6 | 2706.7 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES
## 1.11 REAL GROWTH

See Table 1.11
Page 5

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| +14.19% | Unemployment |
| - .05% | Index Indust. Prod. |
| - .09% | Capacity Util. |
| - .15% | GNP |
| - 2.20% | Autos |
| - 4.61% | Private Housing Starts |

INDICATORS OF FUTURE DEVELOPMENTS IN THE ECONOMY POINT TO GROWTH IN MONTHS AHEAD, MAINLY IN MANUFACTURING, EXPORTS, SINGLE-FAMILY HOUSING, AND HEALTH SERVICES.

* Purchasing Managers Index of business activity rose to 54.8% in August from 51.8% in July, for the seventh consecutive month.
* Index of leading indicators rose in July to 145.4% of the 1982 average, from a revised 143.7% in June, its sixth consecutive month.
* Spending on construction rose 1.6% in July, due to strong gains in construction of single-family.
* In August, new export orders expanded at a higher pace than in July.
* In July, orders for durable goods rose 11.2% over June, the strongest monthly increase in 21 years. Orders for nondurables increased by 1.1%. Orders for durables and nondurables together posted a gain of 6.2%, the largest gain since December 1970.
* In July, business inventories fell .6%, the seventh drop in eight months. Shipments of factory goods rose .7%, the fourth consecutive increase. Unfilled orders rose 1.4%

On the other hand, the following data point to a mild recovery:
* for this year, businesses expect their capital outlays to be just .5% above last year, according to the U. S. Dept. of Commerce August survey
* the August Conference Board's Index of Consumer Confidence slipped slightly from the July 100.3 to the August 96.3 points
* August data for retail sales have been flat compared to July. Increases are expected to take place not earlier than in the fourth quarter of this year
* corporate profits, in total, are expected to resume their upward trend in 1992.

### TABLE 1.11
### SELECTED INDICATORS I.
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR<br>Unit | GNP<br>$82 bil. | Index of ind. prod.<br>1987=100 | Unem-ploy ment<br>% | Capacity util'n rate<br>% | Private housing starts<br>mil. | Auto sales<br>mil. |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 109.2 | 5.51 | 82.0 | 1.193 | 9.5 |
| 1991:1 | 4126.5 | 105.5 | 6.52 | 79.1 | .915 | 8.2 |
| 2 | 4123.0 | 107.2 | 6.83 | 79.7 | .998P | 8.0 |
| 3 | 4160.1 | 108.3 | 6.74 | 80.0 | 1.102 | 9.1 |
| 4 | 4191.4 | 109.6 | 9.60 | 80.9 | 1.182 | 9.4 |
| YEAR | 4150.2 | 107.7 | 7.42 | 79.9 | 1.049 | 8.9 |
| % change from '90 | -.2 | -1.4 | 34.7 | -2.5 | -12.0 | -6.3 |
| 1992:1 | 4223.4 | 110.8 | 6.08 | 81.7 | 1.087 | 9.2 |
| 2 | 4255.3 | 111.9 | 5.97 | 82.0 | 1.167 | 9.7 |
| 3 | 4287.4 | 112.5 | 5.38 | 83.2 | 1.258 | 10.2 |
| 4 | 4320.7 | 114.1 | 5.57 | 84.0 | 1.192 | 10.2 |
| YEAR | 4271.7 | 112.3 | 5.75 | 82.7 | 1.176 | 9.8 |
| % change from '91 | 2.9 | 4.3 | -22.5 | 3.5 | 12.1 | 10.4 |
| 1993:1 | 4352.2 | 115.1 | 5.62 | 84.1 | 1.158 | 9.8 |
| 2 | 4388.3 | 115.9 | 5.48 | 84.1 | 1.237 | 10.3 |
| 3 | 4415.7 | 117.3 | 5.43 | 84.2 | 1.335 | 10.5 |
| 4 | 4457.7 | 118.6 | 5.46 | 84.3 | 1.310 | 10.8 |
| YEAR | 4403.5 | 116.7 | 5.50 | 84.2 | 1.260 | 10.4 |
| % change from '92 | 3.1 | 3.9 | -4.4 | 1.8 | 7.1 | 5.3 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| + .75% | Pers Con. Expend. Services |
| - .22% | Retail Sales Nondurable |
| - .27& | Retail Sales Total |
| - .36% | Retail Sales Durables |
| - 1.21% | Pers. Con. Expend. Nondurable |
| - 1.68% | Pers. Con. Expend. Durables |

PRELIMINARY DATA OF RETAIL SALES FOR FIRST TWO WEEKS IN AUGUST HAVE BEEN FLAT. WEAK DATA ARE ALSO EXPECTED TO BE RELEASED FOR THE REST OF THE MONTH.

Forecast for September calls, again, for slow retail sales in all categories. A rebound in consumer purchases is expected to start in October and following months, mainly in sales of consumer durables, such as motor vehicles and parts, household durables, and household electronics.

Forecast data for the fourth quarter of this year present a more optimistic picture. Pre-Christmas and Christmas sales are expected to be above the level of last year. Seasonally adjusted, data of December retail sales are expected to be above the 1990 figure by 7.2%.

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

|  | *--Personal Cons. Expend.-* |  |  | *------Retail Sales-------* |  |  |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondur-ables | Services | Total | Durables | Nondur-ables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. 1990* | 480.3 | 1193.7 | 1983.3 | 1807.2 | 654.8 | 1152.5 |
| 1991:1 | 453.4 | 1212.3 | 2079.6 | 1780.1 | 663.4 | 1116.7 |
| 2 | 454.1P | 1222.9P | 2114.2P | 1837.1P | 684.3P | 1152.8P |
| 3 | 498.2 | 1259.1 | 2112.8 | 1879.3 | 709.2 | 1170.1 |
| 4 | 530.1 | 1260.4 | 2125.8 | 1908.1 | 729.5 | 1178.6 |
| YEAR | 483.9 | 1238.7 | 2108.1 | 1851.1 | 696.6 | 1154.5 |
| % change from '90 | .8 | 3.8 | 6.3 | 2.4 | 6.4 | .2 |
| 1992:1 | 521.3 | 1270.1 | 2219.9 | 1964.3 | 738.6 | 1225.7 |
| 2 | 532.4 | 1300.2 | 2281.0 | 1998.2 | 766.2 | 1186.5 |
| 3 | 551.9 | 1320.2 | 2312.6 | 2049.4 | 782.1 | 1267.3 |
| 4 | 568.3 | 1330.7 | 2360.8 | 2117.2 | 805.4 | 1311.8 |
| YEAR | 543.5 | 1305.3 | 2293.6 | 2032.3 | 773.1 | 1247.8 |
| % change from '91 | 12.3 | 5.4 | 8.8 | 9.8 | 11.0 | 8.1 |
| 1993:1 | 579.2 | 1408.1 | 2362.6 | 2129.1 | 827.1 | 1302.0 |
| 2 | 592.8 | 1414.2 | 2439.6 | 2158.9 | 834.3 | 1324.6 |
| 3 | 610.4 | 1421.2 | 2617.6 | 2196.7 | 856.2 | 1340.5 |
| 4 | 619.8 | 1448.4 | 2624.8 | 2254.9 | 862.4 | 1392.5 |
| YEAR | 600.5 | 1423.0 | 2511.1 | 2184.9 | 845.0 | 1339.9 |
| % change from '92 | 10.5 | 9.0 | 9.5 | 7.5 | 9.3 | 7.4 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

THE SECOND ESTIMATE OF THE 1991:2 GNP, RELEASED BY THE U.S. DEPT. OF COMMERCE SHOWS A .1% DROP CONTRASTED TO THE FIRST ESTIMATE OF .4% INCREASE.

The change from the first estimate increase to the second estimate decline is considered insignificant. The main factor dragging the GNP into negative territory was the rapi reduction in business inventories. Inventories dropped by a $27.7 bil. rate instead of previously announced $21.2 bil. Currently, business inventories are at extremely low levels, which is a positive factor for gauging future economic activity, since any increase in demand will require stepped-up production.

Positive side of the second revision is seen in improved foreign trade and durable equipment. Compred to the first estimate, foreign trade improved by $4.1 bil., and the figure of output of producers durable equipment has been increased by $3.4 bil.

### 1991 FORECAST DATA

Percent Change from August 1991 Forecast

| | |
|---|---|
| + .12% | Pers. Con. Expand. |
| - .04% | Federal Govt. Purch. |
| - .15% | GNP |
| - .82% | State Local Purch. |
| - 1.04% | Gross Private Dom. Invest. |
| -11.83% | Net Exports |

## TABLE 1.13
## REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Gross National Product | | | | | |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 2681.6 | 688.7 | -33.8 | 333.7 | 477.1 |
| 1991:1 | 4126.5 | 2664.9 | 626.1 | 6.4 | 348.8 | 480.3 |
| 2 | 4123.0 | 2682.2 | 619.6 | -14.6 | 356.4 | 479.4 |
| 3 | 4160.1 | 2705.5 | 625.4 | -17.4 | 361.6 | 485.0 |
| 4 | 4191.4 | 2720.8 | 634.2 | -20.6 | 366.2 | 490.8 |
| YEAR | 4150.2 | 2693.3 | 626.3 | -11.6 | 358.2 | 483.9 |
| % change from '90 | -.2 | .4 | -9.1 | -65.8 | 7.4 | 1.4 |
| 1992:1 | 4223.4 | 2729.7 | 650.2 | -20.2 | 369.0 | 494.7 |
| 2 | 4255.3 | 2746.0 | 656.2 | -21.0 | 372.5 | 501.6 |
| 3 | 4287.4 | 2759.4 | 667.5 | -20.5 | 373.8 | 507.2 |
| 4 | 4320.7 | 2781.4 | 673.4 | -21.2 | 375.4 | 511.7 |
| YEAR | 4271.7 | 2754.1 | 661.8 | -20.7 | 372.7 | 503.8 |
| % change from '91 | 2.9 | 2.3 | 5.7 | 79.4 | 4.0 | 4.1 |
| 1993:1 | 4352.2 | 2799.9 | 681.1 | -20.2 | 377.1 | 514.3 |
| 2 | 4388.3 | 2822.1 | 692.1 | -22.4 | 380.3 | 516.2 |
| 3 | 4415.7 | 2867.7 | 700.2 | -23.5 | 353.2 | 518.1 |
| 4 | 4457.7 | 2852.4 | 716.8 | -20.7 | 390.1 | 519.1 |
| YEAR | 4403.5 | 2835.5 | 697.5 | -21.7 | 375.2 | 516.9 |
| % change from '92 | 3.1 | 3.0 | 5.4 | 4.7 | .7 | 2.6 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

IN THE SECOND QUARTER OF THIS YEAR, INFLATION AS GAUGED BY THE FIXED-WEIGHT GNP PRICE INDEX, RAN AT 3%, MEASURED BY GNP PRICE DEFLATOR, THE PRICE LEVEL INCREASED BY 3.2%.

Forecast data for the rest of this year and for 1992 indicate that this moderate trend will continue. Main factors supporting this outlook are:

* the pace of food price inflation in the last half of this year is expected to slow down to 2.9% from the rate of 3.8%, in the first half. It is expected to continue at approximately 3% in 1992

* prices of oil are expected to rise moderately this year and 1992

* prices of raw materials in international markets are expected to remain steady

* no significant wage-push pressures are predicted taking place in the forecast period

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| + 1.35% | State Local Purch. |
| + 1.12% | Federal Govt. Purch |
| + .04% | GNP |
| - .02% | Consumer Price Index |
| - .08% | Producer Price Index |
| - .34% | Personal Cons. Expend. |

## TABLE 1.21
## PRICES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | *---Indexes--* | | *-------Price deflators--------* | | | |
|---|---|---|---|---|---|---|
| | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. | | | | | | |
| 1990* | 130.7 | 119.2 | 131.5 | 136.4 | 123.3 | 141.3 |
| 1991:1 | 134.8 | 121.3 | 134.8 | 140.5 | 124.2 | 145.1 |
| 2 | 135.4 | 122.1 | 136.2P | 141.4P | 126.6P | 146.4P |
| 3 | 136.0 | 123.4 | 136.9 | 143.0 | 127.3 | 146.9 |
| 4 | 136.9 | 125.2 | 137.9 | 143.9 | 128.7 | 147.4 |
| YEAR | 135.8 | 123.0 | 136.4 | 142.2 | 126.7 | 146.4 |
| % change from '90 | 3.9 | 3.2 | 3.8 | 4.3 | 2.8 | 3.6 |
| 1992:1 | 137.6 | 126.0 | 139.7 | 146.9 | 130.1 | 147.9 |
| 2 | 139.0 | 128.7 | 141.7 | 149.8 | 131.9 | 148 3 |
| 3 | 140.8 | 130.1 | 142.8 | 151.7 | 132.8 | 149.9 |
| 4 | 142.4 | 133.0 | 144.0 | 153.2 | 133.8 | 151.4 |
| YEAR | 139.9 | 129.4 | 142.1 | 150.4 | 132.2 | 149.4 |
| % change from '91 | 3.1 | 5.2 | .1 | 5.7 | 4.3 | 2.0 |
| 1993:1 | 143.6 | 133.8 | 145.7 | 140.3 | 134.5 | 153.3 |
| 2 | 144.9 | 135.6 | 147.6 | 157.6 | 134.9 | 155.9 |
| 3 | 147.5 | 137.6 | 151.0 | 162.1 | 135.8 | 158.7 |
| 4 | 149.4 | 140.0 | 152.1 | 164.5 | 136.7 | 159.8 |
| YEAR | 146.3 | 136.8 | 149.1 | 156.1 | 135.5 | 156.9 |
| % change from '92 | 4.6 | 5.6 | 5.0 | 3.8 | 2.5 | 5.1 |

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*Historical data. R = Revised. P = Preliminary.
**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| +85.00% | Net Exports |
| + .39% | Federal Govt. Purch. |
| + .12% | State Local Purch. |
| - .13% | GNP |
| - .20% | Pers. Cons. Expend. |
| - 3.35% | Gross Private Dom. Invest. |

COMPARED TO THE FIRST ESTIMATE OF NOMINAL GNP RELEASED BY THE U. S. DEPARTMENT OF COMMERCE IN JULY, THE AUGUST REVISED ESTIMATE SHOWS SLIGHTLY LOWER FIGURES, CAUSED MAINLY BY THE DOWNWARD REVISION OF INFLATION-ADJUSTED DATA FOR PERSONAL CONSUMPTION EXPENDITURES AND CHANGES IN BUSINESS INVENTORIES.

As in the cast of the second quarter real GNP. data for business inventories are encouraging. A significant drop in inventories at manufacturers suggests the increase in demand expected to take place in coming months, will significantly boost the output. Another positive sign is seen in the data for exports, which has been revised by $4.3 bil. to $700.4. Forecast data for exports indicate the strength will continue for the rest of the year and afterward.

### TABLE 1.22
### NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----------Gross National Product | | | | | ---------------* |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr | | | | | | |
| 1990* | 5465.1 | 3657.3 | 741.0 | -31.2 | 424.0 | 674.1 |
| 1991:1 | 5562.5 | 3745.3 | 664.2 | 12.1 | 443.5 | 697.4 |
| 2 | 5615.8P | 3791.2P | 656.8P | 14.9P | 451.1P | 701.8P |
| 3 | 5695.2 | 3870.1 | 662.3 | -10.0 | 460.3 | 712.5 |
| 4 | 5779.9 | 3916.3 | 678.5 | -9.6 | 471.3 | 723.4 |
| YEAR | 5663.4 | 3830.7 | 665.5 | 1.9 | 456.6 | 708.8 |
| % change from '90 | 3.6 | 4.7 | -10.2 | -105.9 | 7.7 | 5.1 |
| 1992:1 | 5900.1 | 4011.3 | 694.3 | -17.2 | 480.1 | 731.7 |
| 2 | 6029.8 | 4113.6 | 702.6 | -21.6 | 491.3 | 743.9 |
| 3 | 6122.4 | 4184.7 | 705.2 | -24.2 | 496.4 | 760.3 |
| 4 | 6221.8 | 4259.8 | 713.5 | -28.5 | 502.3 | 774.7 |
| YEAR | 6068.5 | 4142.3 | 703.9 | -22.9 | 492.5 | 752.6 |
| % change from '91 | 7.2 | 8.1 | 5.8 | -78.4 | 7.9 | 6.2 |
| 1993:1 | 6341.2 | 4349.9 | 721.8 | -26.2 | 507.2 | 788.4 |
| 2 | 6477.1 | 4446.6 | 738.2 | -25.4 | 513.0 | 804.8 |
| 3 | 6667.7 | 4649.2 | 746.3 | -29.7 | 479.6 | 822.2 |
| 4 | 6780.2 | 4693.0 | 751.5 | -27.1 | 533.3 | 829.5 |
| YEAR | 6566.5 | 4534.7 | 739.5 | -27.1 | 508.3 | 811.2 |
| % change from '92 | 8.2 | 9.5 | 5.1 | 18.5 | 3.2 | 7.8 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

IN AUGUST, THE UNEMPLOYMENT RATE HELD STEADY AT 6.8%, UNCHANGED FROM JULY.

Forecast data indicate that in coming months the unemployment rate will take a more clear downward direction. The rate is expected to decline to 6.4% in the last quarter of this year.

Forecast data for the rest of this year call for largest increases in new jobs to be in health-care and related industries, exports-manufacturing, and in the government sector.

Continuous problems are expected to be mainly in segments of banking, insurance, transportation, real estate and retail industries.

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| +12.29% | Unemployment |
| + .02% | Population |
| + .02% | Civilian Labor Force |
| + .02% | Total Employed |
| + .02% | Non Agriculture |
| 0.00% | Agriculture |

## TABLE 1.30
## EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Population | Civil. labor force | *-------Employment-------* | | | Unemployment rate |
|---|---|---|---|---|---|---|
| | | | Total | Agricult. | Non-agric. | |
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1990* | 260.9 | 124.8 | 117.9 | 3.2 | 114.7 | 5.51 |
| 1991:1 | 264.6 | 124.0 | 115.9 | 3.2 | 112.7 | 6.52 |
| 2 | 264.5 | 125.1 | 116.6 | 3.2 | 113.4 | 6.83 |
| 3 | 265.1 | 126.4 | 117.9 | 3.2 | 114.7 | 6.74 |
| 4 | 262.4 | 127.4 | 115.2 | 3.2 | 114.2 | 9.60 |
| YEAR | 264.1 | 125.7 | 118.2 | 3.2 | 115.0 | 7.42 |
| % change from '90 | 1.2 | .7 | .7 | 0.0 | .3 | 34.7 |
| 1992:1 | 267.3 | 128.0 | 120.2 | 3.2 | 117.0 | 6.08 |
| 2 | 268.4 | 129.1 | 121.4 | 3.2 | 118.2 | 5.97 |
| 3 | 269.2 | 130.0 | 123.0 | 3.2 | 119.8 | 5.38 |
| 4 | 269.2 | 130.9 | 123.6 | 3.2 | 120.4 | 5.57 |
| YEAR | 268.5 | 129.5 | 122.1 | 3.2 | 118.9 | 5.75 |
| % change from '91 | 1.7 | 3.0 | 3.7 | 0.0 | 3.3 | -22.5 |
| 1993:1 | 269.8 | 131.6 | 124.2 | 3.2 | 121.0 | 5.62 |
| 2 | 270.3 | 132.5 | 125.2 | 3.2 | 122.0 | 5.48 |
| 3 | 271.2 | 133.0 | 125.8 | 3.2 | 122.6 | 5.43 |
| 4 | 272.1 | 134.3 | 127.0 | 3.2 | 123.8 | 5.46 |
| YEAR | 270.9 | 132.8 | 125.5 | 3.2 | 122.3 | 5.50 |
| % change from '92 | .9 | 2.6 | 2.7 | 0.0 | 2.9 | -4.39 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change from August 1991 Forecast

| | |
|---|---|
| + .02% | Permits Issued |
| 0.00% | 1-family housing new |
| - .02% | 1-family housing existing |
| - .09% | Single Family housing starts |
| - .14% | Mobile home shipments |
| - .99% | Multiple Family housing starts |

IN JULY, RESIDENTIAL HOUSING ROSE 2.2% TO $161.9 BIL., ITS THIRD CONSECUTIVE RISE, DUE TO THE GAIN IN SINGLE-FAMILY HOUSING WHICH JUMPED 5.1%, ALSO THE THIRD STRAIGHT INCREASE.

The value of newly started residential building rose 6%, extending the upward climb that started in March.

Forecast data for the rest of this year point to a continuous strength in single-family housing, and weakness in apartment housing.

Forecast for 1991 is optimistic. Data show that the single-family segment will continue improving throughout the year--7.6% more housing units are expected to be started.

The recovery in multi-family housing is expected to start in 1992. It will return back to normal conditions not earlier than in 1993, however.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | .895 | .298 | .188 | 1.111 | 156.9 | 118.5 |
| 1991:1 | .726 | .189 | .167 | .840 | 160.6 | 118.8 |
| 2 | .863 | .167 | .170P | .964P | 162.0 | 119.8 |
| 3 | .898 | .204 | .180 | 1.108 | 168.2 | 124.5 |
| 4 | .942 | .240 | .190 | 1.153 | 172.4 | 126.8 |
| YEAR | .857 | .200 | .177 | 1.016 | 165.8 | 122.5 |
| % change from '90 | -4.2 | -32.9 | -6.0 | -8.5 | 5.7 | 3.4 |
| 1992:1 | .885 | .202 | .186 | .987 | 173.6 | 125.1 |
| 2 | .919 | .248 | .206 | .994 | 177.8 | 127.9 |
| 3 | .988 | .270 | .211 | 1.178 | 180.2 | 130.4 |
| 4 | .932 | .260 | .201 | 1.108 | 190.3 | 134.6 |
| YEAR | .931 | .245 | .201 | 1.067 | 180.5 | 129.5 |
| % change from '91 | 8.6 | 22.5 | 13.7 | 5.0 | 8.9 | 5.7 |
| 1993:1 | .904 | .254 | .196 | .956 | 194.3 | 135.2 |
| 2 | .948 | .289 | .204 | .998 | 197.6 | 137.3 |
| 3 | .989 | .346 | .218 | 1.157 | 199.2 | 138.7 |
| 4 | .992 | .318 | .211 | 1.102 | 203.4 | 139.9 |
| YEAR | .958 | .302 | .207 | 1.053 | 198.6 | 137.8 |
| % change from '92 | 2.9 | 23.2 | 3.1 | -1.3 | 10.1 | 6.4 |

*Historical data. R = Revised. P = Preliminary.

**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

IN LATE AUGUST, SALES OF AMERICAN-MADE VEHICLES SLIPPED 8.9% DESPITE AN INCREASE IN REBATES TO CLEAR 1991 VEHICLES OFF OF DEALERS LOTS BEFORE THE 1992 MODEL YEAR BEGINS.

For August, with imported cars and trucks included, automakers reported that sales fell 11% from August 1990.

Forecast data for car sales call for slight improvements for the balance of this year. Compared to estimated 8.9 mil. seasonally adjusted sales in the second quarter, data for the third and fourth quarters are 9.1 mil. and 9.4 mil, respectively.

Forecast data for the rest of this year incorporate effects of rebates, expected to take place in the fourth quarter of this year. It is anticipated that price increases imposed by automakers on model 1992 cars, will not be sustainable for a longer time, and have to be softened by significant incentives to buyers.

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| 0.00% | Imported Car Sales |
| 0.00% | Dealer Inventory |
| - 2.03% | Light Truck Sales |
| - 2.20% | Total Car Sales |
| - 2.73% | Shipments |
| - 3.13% | Domestic Car Sales |

## TABLE 1.42
## AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 9.5 | 6.9 | 2.6 | 1.4 | 6.6 | 3.7 |
| 1991:1 | 8.2 | 6.0 | 2.2 | 1.3 | 6.0 | 3.2 |
| 2 | 8.9 | 6.2 | 2.7 | 1.4 | 6.2 | 3.5 |
| 3 | 9.1 | 6.2 | 2.9 | 1.5 | 6.3 | 3.8 |
| 4 | 9.4 | 6.4 | 3.0 | 1.5 | 6.4 | 4.0 |
| YEAR | 8.9 | 6.2 | 2.7 | 1.5 | 6.2 | 3.6 |
| % change from '90 | -6.3 | -10.1 | 3.8 | 7.1 | -5.7 | -2.0 |
| 1992:1 | 9.2 | 6.0 | 3.2 | 1.6 | 6.7 | 3.9 |
| 2 | 9.7 | 6.5 | 3.2 | 1.6 | 7.0 | 4.5 |
| 3 | 10.2 | 7.0 | 3.2 | 1.7 | 7.0 | 4.3 |
| 4 | 10.2 | 6.9 | 3.3 | 1.7 | 7.1 | 4.5 |
| YEAR | 9.8 | 6.6 | 3.2 | 1.7 | 7.0 | 4.3 |
| % change from '91 | 10.4 | -9.1 | 19.4 | 13.3 | 11.6 | 18.6 |
| 1993:1 | 9.8 | 6.5 | 3.3 | 1.7 | 7.0 | 4.5 |
| 2 | 10.2 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| 3 | 10.8 | 7.2 | 3.3 | 1.8 | 7.2 | 4.6 |
| 4 | 10.7 | 7.4 | 3.4 | 1.8 | 7.2 | 4.6 |
| YEAR | 10.4 | 7.0 | 3.3 | 1.8 | 7.1 | 4.6 |
| % change from '92 | 5.3 | 2.2 | 3.1 | 5.9 | 2.5 | 6.4 |

*Historical data. R = Revised. P = Preliminary.
**End of period data.

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| + .07% | Federal Surplus Deficit |
| - .01% | State Income Tax |
| - .32% | State Corporate Tax Accrued |
| - .34% | Federal Income Tax |
| - .85% | Corporate Profit Tax Accrued |
| - 1.80% | State Surplus Deficit |

FORECAST DATA FOR FEDERAL BUDGET DEFICIT, CALCULATED AT THE NATIONAL INCOME AND PRODUCE BASIS CALL FOR SIGNIFICANT INCREASES OF THE DEFICIT IN THIS QUARTER AND QUARTERS THAT FOLLOW.

Data show Federal deficit is expected to peak in the second quarter of 1992. It will keep declining afterward.

Data for state and local budget surpluses indicate leveling off this year, and marginal increases in 1992. A more significant improvement in growth of state and local finances is predicted to take place in 1993 and in years that follow.

## TABLE 1.50
## FEDERAL, STATE AND LOCAL BUDGETS

Quarterly data are seasonally adjusted at annual rates.

| | *-----FEDERAL | ----------* | | *---STATE AND LOCAL | --- * | |
|---|---|---|---|---|---|---|
| INDICATOR | Income taxes | Corp. profits tax accru. | Surplus /deficit | Income taxes | Corp. profits tax accru. | Surplus /deficit |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 492.8 | 108.5 | -166.0 | 206.6 | 23.6 | 35.4 |
| 1991:1 | 501.3 | 98.0 | -126.9 | 213.3 | 20.1 | 30.0 |
| 2 | 526.2P | 98.2P | -138.6P | 215.1P | 22.3P | 31.2P |
| 3 | 543.7 | 101.2 | -160.2 | 220.1 | 24.6 | 31.7 |
| 4 | 562.3 | 110.3 | -174.3 | 325.0 | 27.1 | 32.8 |
| YEAR | 533.4 | 101.9 | -150.0 | 243.4 | 23.5 | 31.4 |
| % change from '90 | 8.2 | -6.1 | -9.6 | 17.8 | -.3 | -11.2 |
| 1992:1 | 569.3 | 117.2 | -184.2 | 233.4 | 28.4 | 32.6 |
| 2 | 578.2 | 121.3 | -189.6 | 236.9 | 30.0 | 33.7 |
| 3 | 586.7 | 127.4 | -173.6 | 242.3 | 32.4 | 34.2 |
| 4 | 591.4 | 133.4 | -167.2 | 253.7 | 34.8 | 34.3 |
| YEAR | 581.4 | 124.8 | -178.6 | 241.6 | 31.4 | 33.7 |
| % change from '91 | 9.0 | 22.5 | 19.1 | -.7 | 33.5 | 7.2 |
| 1993:1 | 599.3 | 140.1 | -150.8 | 263.1 | 35.4 | 35.2 |
| 2 | 603.2 | 145.2 | -139.4 | 270.2 | 36.6 | 36.1 |
| 3 | 614.2 | 150.7 | -121.5 | 281.5 | 37.8 | 38.2 |
| 4 | 619.7 | 154.5 | -104.9 | 287.4 | 39.2 | 40.8 |
| YEAR | 609.1 | 147.6 | -129.2 | 275.6 | 37.2 | 37.6 |
| % change from '92 | 4.8 | 18.3 | -27.7 | 14.1 | 18.6 | 11.5 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

PERSONAL INCOME FELL IN JULY TO A SEASONALLY ADJUSTED RATE OF $4.808 TRILLION. THE DROP IS CONSIDERED HERE TO BE TEMPORARY.

Preliminary data for August indicate the upward trend in Personal income and components has resumed.

Data for corporate profits are not encouraging, for the second quarter and also for the rest of this year. Revised data for the second quarter show that corporate after-tax profits dropped 1.6% after the 6.3% decline in the first quarter.

Forecast data for the rest of this year indicate a lackluster performance will continue.

For 1992, main improvements in profits are expected to be in motor vehicles, construction, trade, and transportation industries. Some segments of banking, insurance, airlines, and retail trade industries are expected to continue in difficulties.

### 1991
### FORECAST
### DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| - .01% | Average Weekly Savings |
| - .10% | Corporate After Tax Profit |
| - .22% | Comp. of Employees |
| - .28% | Personal Income |
| - .29% | Personal Disp. Income |
| - 2.12% | Personal Savings |

## TABLE 1.60
## INCOME

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1990* | 4645.5 | 3946.1 | 3309.7 | 172.5 | 180.1 | 443.5 |
| 1991:1 | 4624.0 | 3909.4 | 3438.1 | 167.8 | 164.1 | 448.1 |
| 2 | 4702.7P | 4069.9P | 3467.3P | 165.0P | 170.2P | 456.2 |
| 3 | 4814.1 | 4050.3 | 3480.3 | 163.2 | 180.2 | 461.2 |
| 4 | 4996.2 | 4108.9 | 3582.3 | 178.9 | 192.6 | 464.3 |
| YEAR | 4784.3 | 4007.5 | 3492.0 | 168.7 | 176.8 | 457.4 |
| % change from '90 | 3.0 | 1.6 | 5.5 | -2.2 | -1.8 | 3.1 |
| 1992:1 | 5208.7 | 4406.0 | 3683.2 | 170.1 | 204.3 | 469.9 |
| 2 | 5334.8 | 4519.7 | 3770.0 | 180.2 | 210.5 | 473.2 |
| 3 | 5435.8 | 4606.8 | 3839.2 | 190.1 | 220.7 | 476.4 |
| 4 | 5529.0 | 4683.9 | 3912.4 | 192.9 | 218.4 | 483.1 |
| YEAR | 5377.1 | 4554.1 | 3801.2 | 183.3 | 213.5 | 475.6 |
| % change from '91 | 12.4 | 13.6 | 8.9 | .7 | 20.8 | 4.0 |
| 1993:1 | 5654.3 | 4791.9 | 4007.6 | 196.4 | 232.2 | 485.6 |
| 2 | 5773.7 | 4900.3 | 4090.3 | 204.3 | 241.3 | 488.7 |
| 3 | 6010.6 | 5114.9 | 4123.2 | 207.6 | 249.2 | 491.2 |
| 4 | 6071.2 | 5164.1 | 4181.7 | 210.2 | 251.3 | 492.4 |
| YEAR | 5877.4 | 4992.8 | 4100.7 | 204.6 | 243.5 | 489.5 |
| % change from '92 | 9.3 | 9.6 | 7.9 | 11.6 | 14.1 | 2.9 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| + .04% | Consumer demand deposits |
| - .02% | Large denom. time deposits |
| - .04% | Consumer Install. Credit |
| - .08% | Time deposits |
| - .14% | Mortg. at all holders |
| - .65% | Cons. & indust. loans |

FORECAST DATA FOR MONEY SUPPLY M1 AND M2, INDICATE A MODERATE GROWTH OF APPROXIMATELY 4% AND 6.5% RESPECTIVELY, FOR MONTHS AHEAD AND NEXT YEAR.

Data for credit markets point to markets for Federal Government securities in the rest of this year, and in 1992 to be the fastest growing market due to needs to finance increasing Federal budget deficits. In 1992, fast growth is also expected for markets in corporate bonds and consumer credit, due to increasing needs of financing business capital outlays, and expected gains in consumer demand for durables, notably automobiles and household durables.

TABLE 1.70
MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDI-CATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2, s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 812.2 | 3293.2 | 750.9 | 577.2 | 533.9 | 3611.3 |
| 1991:1 | 830.2 | 3371.6 | 746.3 | 578.1 | 536.0 | 3644.9 |
| 2 | 840.2P | 3404.1P | 748.7P | 580.6P | 541.2P | 3670.5P |
| 3 | 849.4 | 3447.0 | 762.1 | 582.4 | 543.4 | 3786.3 |
| 4 | 861.5 | 3520.7 | 785.0 | 584.1 | 540.0 | 3789.5 |
| YEAR | 845.3 | 3435.8 | 785.0 | 584.1 | 540.0 | 3789.5 |
| % change from '90 | 4.1 | 4.3 | 4.5 | 5.3 | 1.1 | 4.9 |
| 1992:1 | 869.4 | 3600.2 | 801.3 | 592.1 | 562.1 | 3843.5 |
| 2 | 878.3 | 3663.4 | 828.2 | 597.6 | 578.1 | 3880.9 |
| 3 | 890.7 | 3704.5 | 838.3 | 604.3 | 580.2 | 3949.0 |
| 4 | 902.8 | 3761.2 | 838.2 | 607.7 | 581.3 | 3979.4 |
| YEAR | 885.3 | 3682.3 | 838.2 | 607.7 | 581.3 | 3975.3 |
| % change from '91 | 4.7 | 7.2 | 6.8 | 4.0 | 7.6 | 4.9 |
| 1993:1 | 911.6 | 3836.4 | 853.7 | 610.4 | 60[illegible].3 | 4035.2 |
| 2 | 921.3 | 3901.2 | 860.4 | 614.2 | 610.8 | 4096.7 |
| 3 | 928.3 | 3974.3 | 874.5 | 618.3 | 613.8 | 4163.2 |
| 4 | 936.8 | 4039.5 | 898.6 | 630.5 | 618.2 | 4230.5 |
| YEAR | 924.5 | 3937.8 | 898.6 | 630.5 | 618.2 | 4230.5 |
| % change from '92 | 4.4 | 6.9 | 7.2 | 3.8 | 6.3 | 6.4 |

*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

IT IS ANTICIPATED THAT FEDERAL RESERVE POLICY MAKERS WILL MAINTAIN A NEUTRAL MONETARY AND CREDIT POLICIES THAT DOES NOT FAVOR FURTHER INTEREST RATE CUTS TO STIMULATE THE ECONOMY.

Reasons supporting the neutral stance are seen as follow:

* further declines in interest rates would cause large outflows of capital abroad, increasing the shortage of capital in U. S. markets

* they may cause continuing declines in international value of the dollar below acceptable levels

* in essence, they are not necessary since the economy is clearly on the way out of main troubles.

1991
FORECAST
DATA

Percent Change
from
August 1991
Forecast

| | |
|---|---|
| + 1.84% | 30 year govt. bond yield |
| + .08% | Conv. mortg. rate |
| - .06% | Prime rate |
| - .17% | Aaa Corp. bonds |
| - .22% | Treasure bills 3 mo. yield |
| - .39% | S & P's 500 Avg. |

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1990* | 7.51 | 10.00 | 9.78 | 9.32 | 8.55 | 334.59 |
| 1991:1 | 5.97 | 8.84 | 9.34 | 8.80 | 8.19 | 370.72 |
| 2 | 5.59 | 8.50 | 9.31 | 8.62 | 9.39 | 380.46 |
| 3 | 5.31 | 8.50 | 9.26 | 8.73 | 8.15 | 390.51 |
| 4 | 5.30 | 8.50 | 9.32 | 8.87 | 8.08 | 389.92 |
| YEAR | 5.56 | 8.59 | 9.31 | 8.75 | 8.45 | 382.90 |
| % change from '90 | -26.0 | -14.1 | -4.8 | -6.1 | -1.1 | 14.4 |
| 1992:1 | 5.74 | 8.50 | 9.42 | 9.11 | 8.09 | 393.62 |
| 2 | 6.01 | 8.64 | 9.51 | 9.21 | 8.12 | 398.28 |
| 3 | 6.27 | 8.84 | 9.62 | 9.23 | 8.31 | 402.46 |
| 4 | 6.72 | 9.01 | 9.80 | 9.57 | 8.40 | 408.52 |
| YEAR | 6.18 | 8.75 | 9.59 | 9.28 | 8.23 | 400.72 |
| % change from '91 | 11.3 | 1.9 | 3.0 | 6.0 | -2.6 | 4.7 |
| 1993:1 | 7.06 | 9.49 | 9.97 | 9.66 | 8.35 | 408.56 |
| 2 | 7.12 | 9.65 | 10.14 | 9.84 | 8.26 | 407.32 |
| 3 | 7.29 | 9.74 | 10.34 | 10.02 | 8.18 | 410.71 |
| 4 | 7.48 | 10.16 | 10.65 | 10.29 | 8.04 | 407.23 |
| YEAR | 7.24 | 9.76 | 10.28 | 9.95 | 8.21 | 408.45 |
| % change from '92 | 17.0 | 11.6 | 7.2 | 7.2 | -.3 | 1.9 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue Consumer Price Index has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure is in the Survey of Current Business, February 1991 issue, blue pages.

TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Consumer Price Index
(1982-1984 = 100)
Actual figure: 133.2

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 130.8 | - 1.8 |
| Ameritrust, OH | 12/89 | 131.0 | - 1.7 |
| First National of Chicago, IL | 12/89 | 131.5 | - 1.3 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 131.1 | - 1.7 |
| Manufacturers Hanover Trust, NY | 12/89 | 129.6 | - 2.7 |
| Marine Midland, NY | 12/89 | 132.1 | - .8 |
| National City Bank, OH | 12/89 | 131.6 | - 1.2 |
| Shawmut of Boston, MA | 12/89 | 131.3 | - 1.4 |
| Society National Bank, OH | 12/89 | 130.8 | - 1.8 |
| Valley National Bank, AR | 12/89 | 131.4 | - 1.4 |
| Metropolitan Life, NY | 12/89 | 131.2 | - 1.5 |
| Shearson Lehman, NY | 12/89 | 129.0 | - 3.2 |
| K.E.D.I., Inc, | 12/89 | 131.4 | - 1.4 |
| Fleet Nat'l Bk, Providence, RI | 12/89 | 131.3 | - 1.4 |
| Morgan Guaranty, NY | 12/89 | 131.6 | - 1.2 |
| Equitable Life | 12/89 | 131.8 | - 1.1 |
| Fidelity Bank, PA | 12/89 | 132.7 | - .4 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

### TABLE 3.00

### HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

## TABLE 3.00

## HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
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KENT ECONOMIC
AND DEVELOPMENT
INSTITUTE, INC.

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# KEDI ECONOMIC SURVEY

October 1991

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SOURCES:

The U. S. Department of Commerce, third estimates of 1991:2, National Income and Product data.

Board of Governors of the Federal Reserve System release of the Index of Industrial Production, September 1991.

The latest available data on prices, employment, industrial and financial developments.

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# 0.00 INTRODUCTION

## 0.01 EXECUTIVE SUMMARY

## HIGHLIGHTS

### Real Growth

Forecast data for 1993 point to more regular and balanced growth of the economy in general.

### Prices

Prices at the consumer and producer levels will see moderate increases for the balance of this year and in 1992.

### Employment & Labor

Data show the unemployment rate dropping to the average of 5.6% in the second quarter of 1992.

### Housing

Forecast data for single-family housing show a continuing trend upward for the rest of this year and beyond.

### Automobiles

The outlook for cars is optimistic. Data call for gradual sales recovery in the remainder of this year and in 1992.

### Budgets

Forecast data on surpluses of state and local governments budget are encouraging.

### Income

Corporate profits will remain mostly flat until the second quarter of next year, or improve only marginally.

### Money & Credit

It is anticipated that the easy money and credit policy of the Federal Reserve will continue through the first half of next year.

### Interest Rates, Yields & Securities Prices

No further significant declines in short-term interest rates are forecast for the last quarter of this year.

## 0.02 ASSUMPTIONS

| | | Update |
|---|---|---|
| 1. | In 1992, the weighted price of oil will be increasing in small margins | October 1991 |
| 2. | Monetary and credit policies are expected to tighten in second half of 1992. | October 1991 |
| 3. | In 1991 and 1992 good crops in most of the main producing countries are anticipated. | October 1990 |
| 4. | Foreign trade with the USSR, and East Europe will expand in 1992 and following years | July 1991 |
| 5. | Average rates of growth in 1990-1995 in major industrial countries are anticipated: West Germany 3.0%; Italy 2.4%; Great Britain 2.7%; France 2.6%; Japan 3.3%; Canada 2.8%. | March 1990 |
| 6. | Current developments in East Europe are expected to stimulate the growth of world trade and flows of capital. | Long-term Assumption |

## 0.03 FORECAST HIGHLIGHTS

| | | |
|---|---|---|
| * | Table 0.00 on page 3 shows forecast data of selected indicators of the October 1991 KEDI forecast. | |
| * | Growth will resume in the second half of 1991. | September 1991 |
| * | The upward trend will continue throughout the second half of 1991 and 1992. | January 1991 |
| * | Forecast data for 1992 and afterward do not point to recession or major downturn. | January 1991 |
| * | In the second half of 1992 interest rates will be increasing. | October 1991 |
| * | Federal budget deficits will keep declining in 1993 and the following years. | July 1991 |
| * | During the second half of 1992, the export-import gap is expected to be increasingly negative. | October 1991 |

## TABLE 0.00

## KEDI FORECAST HIGHLIGHTS

Data for 1991, 1992 and 1993 are on pages indicated below.

| Indicator | Unit | 1990 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Gross national | bil. 82$ | 4123.9 | 4509.7 | 4640.5 | 4784.4 |
| product, p. 5 | % change | 1.8 | 2.8 | 2.9 | 3.1 |
| Index of indust. | 1977=100 | 108.3 | 119.7 | 123.6 | 127.8 |
| prod., p. 5 | % change | 1.4 | 2.6 | 3.3 | 3.4 |
| Capacity | % | 82.0 | 84.3 | 83.8 | 83.2 |
| utiliz., p. 5 | % change | -.9 | .2 | -.6 | -.8 |
| Unemployment | % | 5.5 | 5.5 | 83.2 | 1.2 |
| rate, p. 5 | % change | .8 | .1 | -1.2 | -1.1 |
| Private housing | mil.units | 1.2 | 1.3 | 1.2 | 1.3 |
| starts, p. 5 | % change | -6.3 | 4.1 | -5.8 | 4.7 |
| Car sales, | mil.units | 9.5 | 10.5 | 10.8 | 11.3 |
| p. 5 | % change | -5.0 | 3.2 | 2.8 | 4.0 |
| Implicit GNP | 1982=100 | 131.5 | 153.9 | 159.6 | 164.8 |
| price def.,p.11 | % change | 4.1 | 3.8 | 3.7 | 3.3 |
| Consumer Price | 82-84=100 | 130.7 | 150.4 | 155.9 | 161.8 |
| Index, p. 11 | % change | 4.8 | 3.7 | 3.6 | 3.8 |
| Prod.Price Index | 1982=100 | 119.4 | 141.0 | 146.6 | 152.3 |
| (fin.goods),p.11 | % change | 5.1 | 4.9 | 4.0 | 3.9 |
| Federal Deficit | bil. $ | -194.6 | -109.3 | -87.0 | -70.6 |
| p. 21 | % change | -8.4 | -17.9 | -20.4 | -18.9 |
| Personal Income | bil. $ | 4645.5 | 6294.8 | 6773.2 | 7328.6 |
| p. 23 | % change | 6.7 | 7.8 | 7.6 | 8.2 |
| Prime Rate | % | 10.0 | 8.5 | 9.1 | 9.8 |
| p. 27 | % change | -3.5 | -3.6 | 7.0 | 8.0 |
| Mortgage Rate | % | 9.8 | 10.1 | 10.4 | 10.2 |
| p. 27 | % change | -2.4 | 5.0 | 2.7 | -1.8 |
| Currency+demand | bil. $ | 811.6 | 960.6 | 1012.5 | 1074.3 |
| deposits , p. 25 | % change | 3.7 | 5.0 | 5.4 | 6.1 |
| Commercial+ind. | bil. $ | 577.2 | 592.8 | 610.0 | 624.0 |
| loans, p. 25 | % change | 3.1 | 2.7 | 2.9 | 2.3 |
| Raw steel | mil.sh.tons | 93.1 | 92.4 | 93.4 | 90.2 |
| production | % change | 1.3 | -.7 | 1.0 | -3.4 |
| Electric power | mil.kw-hr | 3072 | 3176.4 | 3300.3 | 3438.9 |
| production | % change | 3.0 | 3.4 | 3.9 | 4.2 |
| Bituminous coal | mil.sh.tons | 947 | 956.5 | 960.3 | 973.7 |
| production | % change | 1.3 | 1.0 | .4 | 1.4 |
| Crude oil | avg. daily bbl. | 2973 | 3032.5 | 3062.8 | 3090.3 |
| output | % change | -.1 | 2.0 | 1.0 | .9 |
| Retail sales | bil. $ | 1718.1 | 2355.3 | 2522.6 | 2706.7 |
| p. 7 | % change | 5.5 | 7.8 | 7.1 | 7.3 |

Numbers in "% change" rows show percent changes over the previous year.

## 1.10 REAL GROWTH, CONSUMER SPENDING, AND RETAIL SALES

### 1.11 REAL GROWTH

See Table 1.11
Page 5

FORECAST DATA FOR 1993 POINT TO MORE REGULAR AND BALANCED GROWTH OF THE ECONOMY IN GENERAL.

Forecast data indicate the economy will continue in its slow and unbalanced growth for the rest of this year. The growth will accelerate in 1992 and afterward. Data also indicate that the expansion in the next year will continue an uneven pace with some industries growing while others show continuous weaknesses.

Weaknesses are expected to continue in real estate, segments of insurance and banking, communications, airline passenger transportation, wholesale, printing and publishing, multifamily housing, and nonresidential construction.

On the other hand, improvements are predicted for motor vehicles and parts, lumber and wood products, furniture and fixtures, and stone, clay and glass products industries. Most of the nondurables industries are expected to perform moderately, especially rubber and rubber products, chemicals and products, and food and kindred products. Some weaknesses are expected to prevail in textile mill products, apparel, footwear, and leather and leather products.

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| + 3.95% | Private housing starts |
| + .41% | Unemployment |
| - .03% | Capacity Util. |
| - .05% | Index Indust. Prod. |
| - .10% | GNP |
| - .56% | Autos |

## TABLE 1.11
## SELECTED INDICATORS I.

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | GNP | Index of ind. prod. | Unemployment | Capacity util'n rate | Private housing starts | Auto sales |
|---|---|---|---|---|---|---|
| Unit | $82 bil. | 1987=100 | % | % | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 109.2 | 5.51 | 82.0 | 1.193 | 9.5 |
| 1991:1 | 4126.5 | 105.5 | 6.52 | 79.1 | .915 | 8.2 |
| 2 | 4118.9 | 107.2 | 6.83 | 79.6 | .998 P | 8.9 |
| 3 | 4148.1 | 108.3 | 6.77 | 79.9 | 1.065 | 8.9 |
| 4 | 4191.4 | 109.6 | 6.63 | 80.9 | 1.180 | 9.4 |
| YEAR | 4146.2 | 107.7 | 6.69 | 79.9 | 1.039 | 8.8 |
| % change from '90 | -.3 | -1.4 | 21.4 | -2.6 | -12.9 | -6.8 |
| 1992:1 | 4104.2 | 110.2 | 6.48 | 81.6 | 1.056 | 9.2 |
| 2 | 4229.3 | 111.4 | 6.27 | 82.0 | 1.119 | 9.7 |
| 3 | 4267.5 | 112.2 | 5.88 | 83.2 | 1.220 | 9.9 |
| 4 | 4298.7 | 113.8 | 5.67 | 84.0 | 1.183 | 10.2 |
| YEAR | 4224.9 | 111.9 | 6.08 | 82.7 | 1.145 | 9.8 |
| % change from '91 | 1.9 | 3.9 | -9.2 | 3.5 | 10.1 | 10.2 |
| 1993:1 | 4336.2 | 114.9 | 5.60 | 84.1 | 1.158 | 9.8 |
| 2 | 4368.3 | 115.8 | 5.48 | 84.1 | 1.237 | 10.2 |
| 3 | 4402.4 | 117.3 | 5.43 | 84.2 | 1.295 | 10.5 |
| 4 | 4440.7 | 118.6 | 5.46 | 84.3 | 1.250 | 10.3 |
| YEAR | 4386.9 | 116.7 | 5.49 | 84.2 | 1.235 | 10.2 |
| % change from '92 | 3.8 | 4.2 | -9.6 | 1.8 | 7.9 | 4.6 |

*Historical data.
R = Revised. P = Preliminary.

## 1.12 CONSUMER SPENDING AND RETAIL SALES

See Table 1.12 - page 7

FORECAST DATA SUGGEST CONSUMER SPENDING WILL BE INCREASING ONLY MARGINALLY IN COMING MONTHS.

More significant increases are expected to be in 1992 and 1993.

Data for next year point to strong increases in consumer spending on durables, notably cars and other motor vehicles and parts, household durables and electronics.

Consumer outlays on nondurables are predicted to continue increasing, though moderately, throughout 1992-1993.

In 1992, in constant 1982 dollars, consumer outlays on nondurables will increase by 2.1%, while include 2.4% on food and beverages, .9% on textile, apparel, footwear, and related items, 2.3% on petroleum and coal products, and 3.0% on pharmaceutical products.

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| + 1.20% | Pers. Con. Expend. Services |
| - .35% | Pers. Con. Expend. Nondurable |
| - 1.29% | Retail Sales Nondurable |
| - 1.48% | Retail Sales Total |
| - 1.80% | Retail Sales Durable |
| - 3.11% | Pers. Con. Expend. Durables |

## TABLE 1.12

## CONSUMER SPENDING AND RETAIL SALES

Quarterly data are seasonally adjusted at annual rates.

| | *--Personal Cons. Expend.-* | | | *------Retail Sales-------* | | |
|---|---|---|---|---|---|---|
| INDICATOR | Durables | Nondurables | Services | Total | Durables | Nondurables |
| Unit | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ | bil.$ |
| Year & Qtr. | | | | | | |
| 1990* | 480.3 | 1193.7 | 1983.3 | 1807.2 | 654.8 | 1152.5 |
| 1991:1 | 453.4 | 1212.3 | 2081.8 | 1780.1 | 663.4 | 1116.7 |
| 2 | 453.7 | 1221.7 | 2113.6 | 1817.2P | 674.2P | 1143.0 |
| 3 | 468.2 | 1249.1 | 2148.1 | 1829.3 | 689.2 | 1140.1 |
| 4 | 500.1 | 1254.4 | 2190.0 | 1868.1 | 709.5 | 1158.6 |
| YEAR | 468.9 | 1234.4 | 2133.4 | 1823.7 | 684.1 | 1139.6 |
| % change from '90 | -2.4 | 3.4 | 7.6 | .9 | 4.5 | -1.1 |
| 1992:1 | 511.3 | 1267.2 | 2080.7 | 1904.3 | 718.4 | 1185.9 |
| 2 | 530.4 | 1290.2 | 2278.7 | 1938.1 | 736.2 | 1186.5 |
| 3 | 551.9 | 1315.2 | 2328.2 | 2009.4 | 762.3 | 1247.1 |
| 4 | 564.4 | 1330.7 | 2367.1 | 2107.4 | 795.4 | 1312.0 |
| YEAR | 539.5 | 1300.8 | 2263.7 | 1989.8 | 753.1 | 1232.9 |
| % change from '91 | 15.1 | 5.4 | 6.1 | 9.1 | 10.1 | 8.2 |
| 1993:1 | 570.2 | 1408.1 | 2347.6 | 2129.1 | 817.1 | 1312.0 |
| 2 | 586.4 | 1414.2 | 2427.5 | 2158.9 | 824.3 | 1334.6 |
| 3 | 600.2 | 1421.2 | 2586.6 | 2196.7 | 856.2 | 1340.5 |
| 4 | 615.8 | 1448.4 | 2582.9 | 2254.9 | 862.4 | 1392.5 |
| YEAR | 593.1 | 1423.0 | 2486.1 | 2184.9 | 840.0 | 1344.9 |
| % change from '92 | 9.9 | 9.4 | 9.8 | 9.8 | 11.5 | 9.1 |

* Historical data. R = Revised. P = Preliminary.

## 1.13 REAL GNP

See Table 1.13
Page 9

THE ECONOMY DECLINE AT A .5% ANNUAL RATE IN THE SECOND QUARTER OF THIS YEAR, ACCORDING TO FINAL THIRD ESTIMATES RELEASED BY THE U. D. DEPT. OF COMMERCE. The rate was initially estimated as a .4% growth; in the second estimate as a .1% decline.

The final figure is the result of large downward revisions in Federal government spending and business inventories: Federal purchases were revised downward by $2.2 bil. and inventories by $5.6 bil.

The downward revision of business inventories is a positive sign since, currently, inventories in manufacturing are at such low levels that any small increase in demand will necessarily imply increase in output.

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| + .24% | Pers. Con. Expend. |
| + .22% | Net Expoprts |
| - .10% | GNP |
| - .31% | State Local Purch. |
| - .67% | Gross Private Dom. Invest. |
| - 1.28% | Federal Government Purch. |

## TABLE 1.13
## REAL GNP

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | *-----------Gross National Product----------------* | | | | | |
|---|---|---|---|---|---|---|
| | Total | Pers. cons. expend. | Gross pvt.dom. investm. | Net exports | Fed. govt. purch. | St~~a~~te local purch. |
| Unit | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. | $82 bil. |
| Year & Qtr. | | | | | | |
| 1990* | 4157.3 | 2681.6 | 688.7 | -33.8 | 333.7 | 477.1 |
| 1991:1 | 4126.5 | 2666.1 | 623.7 | 7.1 | 349.5 | 480.1 |
| 2 | 4118.9 | 2690.6 | 617.6 | -12.6 | 344.2 | 479.1 |
| 3 | 4148.1 | 2704.5 | 620.8 | -19.4 | 358.6 | 483.6 |
| 4 | 4191.4 | 2737.8 | 626.2 | -21.6 | 362.2 | 486.8 |
| YEAR | 4146.2 | 2699.8 | 622.1 | -11.6 | 353.6 | 482.4 |
| % change from '90 | -.3 | .7 | -9.7 | -65.6 | 6.0 | 1.1 |
| 1992:1 | 4104.2 | 2635.3 | 635.4 | -23.2 | 366.0 | 490.7 |
| 2 | 4229.3 | 2746.0 | 641.3 | -22.1 | 370.5 | 493.6 |
| 3 | 4267.5 | 2773.5 | 647.5 | -24.5 | 373.8 | 497.2 |
| 4 | 4298.7 | 2787.4 | 660.4 | -26.2 | 375.4 | 501.7 |
| YEAR | 4224.9 | 2735.6 | 646.1 | -24.0 | 371.4 | 495.8 |
| % change from '91 | 1.9 | 1.3 | 3.9 | 106.5 | 5.0 | 2.8 |
| 1993:1 | 4336.2 | 2806.8 | 668.2 | -26.2 | 377.1 | 510.3 |
| 2 | 4368.3 | 2823.7 | 678.5 | -27.4 | 380.3 | 513.2 |
| 3 | 4402.4 | 2870.4 | 686.2 | -23.5 | 353.2 | 516.1 |
| 4 | 4440.7 | 2855.4 | 696.8 | -20.7 | 390.1 | 519.1 |
| YEAR | 4386.9 | 2839.1 | 682.4 | -24.4 | 375.2 | 514.7 |
| % change from '92 | 3.8 | 3.8 | 5.6 | 1.9 | 1.0 | 3.8 |

*Historical data.
R = Revised. P = Preliminary.

## 1.20 PRICES AND NOMINAL GNP

### 1.21 PRICES

See Tables 1.21 - page 11

**1991 FORECAST DATA**

Percent Change from September 1991 Forecast

| | | |
|---|---|---|
| + | .09% | Consumer Price Index |
| + | .04% | GNP |
| + | .03% | State Local Purch. |
| + | .02% | Personal Cons. Expend. |
| - | .04% | Federal Govt. Purch. |
| - | .59% | Producer Price Index |

FORECAST FOR PRICES AT THE CONSUMER AND PRODUCER LEVELS CALLS FOR MODERATE INCREASES FOR THE BALANCE OF THIS YEAR AND IN 1992.

Forecast data call by 3.9% rise in the Consumer Price Index this year over last year, and 3.4% increase in 1992 over this year.

Main factors causing the relatively low increases in both price levels are predicted to be the following:

* In 1992 and 1992, international price of crude materials and energy are expected to increase by small margins only

* Wage increases in existing and expected contracts do not point to excessive hikes

* Forecast data on food and food-related items suggest increases ranging between 2 - 3% in each forecast year.

### TABLE 1.21
### PRICES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | *---Indexes--* |  | *-------Price deflators--------* |  |  |  |
|---|---|---|---|---|---|---|
|  | Cons. price index n.s.a.** | Prod. price index n.s.a.** | Gross Nat'l Prod. | Pers. cons. expend. | Fed. govt. purch. | State local purch. |
| Unit | 1982-84 =100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 | 1982= 100 |
| Year & Qtr. |  |  |  |  |  |  |
| 1990* | 130.7 | 119.2 | 131.5 | 136.4 | 123.3 | 141.3 |
| 1991:1 | 134.8 | 121.3 | 134.8 | 140.5 | 124.2 | 145.1 |
| 2 | 135.4 | 121.9 | 136.3 | 141.4 | 127.0 | 146.4 |
| 3 | 136.4 | 122.2 | 136.9 | 142.9 | 127.3 | 146.9 |
| 4 | 137.1 | 123.7 | 137.8 | 144.1 | 128.1 | 147.4 |
| YEAR | 135.9 | 122.3 | 136.5 | 142.2 | 126.7 | 146.4 |
| % change from '90 | 4.0 | 2.6 | 3.8 | 4.3 | 2.7 | 3.6 |
| 1992:1 | 138.0 | 125.0 | 139.0 | 146.4 | 129.2 | 147.9 |
| 2 | 138.9 | 127.1 | 141.1 | 149.3 | 130.9 | 148.3 |
| 3 | 140.7 | 128.4 | 142.8 | 151.3 | 131.8 | 149.9 |
| 4 | 142.0 | 130.1 | 143.9 | 152.9 | 133.0 | 151.4 |
| YEAR | 139.9 | 127.7 | 141.7 | 150.0 | 131.2 | 149.4 |
| % change from '91 | 2.9 | 4.4 | 3.8 | 5.4 | 3.6 | 2.0 |
| 1993:1 | 143.0 | 131.8 | 145.0 | 154.1 | 134.5 | 152.8 |
| 2 | 144.2 | 132.7 | 147.1 | 156.8 | 134.9 | 154.3 |
| 3 | 146.1 | 135.3 | 149.7 | 160.5 | 135.8 | 156.5 |
| 4 | 147.0 | 137.8 | 151.1 | 162.7 | 136.7 | 158.0 |
| YEAR | 145.1 | 134.4 | 148.2 | 158.6 | 135.5 | 155.4 |
| % change from '92 | 3.7 | 5.3 | 4.6 | 5.7 | 3.2 | 4.0 |

---

*Historical data. R = Revised. P = Preliminary.

**CPI: All Urban Consumers; PPI: Finished Goods.

## 1.22 NOMINAL GNP

See Table 1.22 - page 13

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| + .17% | Pers. Cons. Expend. |
| - .09% | GNP |
| - .28% | State Local Purch. |
| - .68% | Federal Govt. Purch. |
| - .95% | Gross Private Dom. Invest. |
| -35.53% | Net Exports |

THE THIRD, AND FINAL REVISION OF DATA ON 1991:2 NOMINAL GNP AND COMPONENTS, RELEASED RECENTLY BY THE U. S. DEPT. OF COMMERCE HAS SLIGHTLY REDUCTED THE DATA OF THE SECOND REVISION ON TOTAL GNP AND MOST OF ITS COMPONENTS.

This is mainly due to the downward revision of GNP data in real terms. The most significant change took place in data on net exports. The positive figure of $14.9 bil has been increased by $3.1 bil. to $18.1 bil.

Forecast data show that this positive performance will not last too long. In 1991:3, and afterward, net exports ar expected to slide back into the red mainly due to increased imports of crude materials, oil, and consumer products. However, the negative net exports are not predicted to be dangerously large.

Forecast data indicate the foreign trade gap will be at approximately the same level as it was in 1990, hovering around $30-34 bil. in 1992. It will decline slightly in 1993.

## TABLE 1.22
## NOMINAL GNP

Quarterly data are seasonally adjusted at annual rates.

| | *-----------Gross National Product | | | | | ---------------* |
|---|---|---|---|---|---|---|
| INDICATOR | Total | Pers. cons. expend. | Gross pvt. dom invest. | Net exports | Fed. govt. purch. | State local purch. |
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 5465.1 | 3657.3 | 741.0 | -31.2 | 424.0 | 674.1 |
| 1991:1 | 5562.5 | 3747.5 | 660.0 | 13.5 | 443.8 | 697.7 |
| 2 | 5615.8 | 3791.2 | 654.0 | 18.1 | 449.7 | 701.6 |
| 3 | 5678.7 | 3865.4 | 658.3 | -11.9 | 456.5 | 710.4 |
| 4 | 5775.7 | 3944.5 | 664.5 | -14.8 | 464.0 | 717.5 |
| YEAR | 5658.2 | 3837.2 | 659.2 | 1.2 | 453.5 | 706.8 |
| % change from '90 | 3.5 | 4.9 | -11.0 | -103.9 | 7.0 | 4.9 |
| 1992:1 | 5704.8 | 3859.2 | 674.2 | -27.2 | 472.9 | 725.7 |
| 2 | 5967.5 | 4099.3 | 682.6 | -31.4 | 485.0 | 732.0 |
| 3 | 6094.0 | 4195.3 | 695.2 | -34.5 | 492.7 | 745.3 |
| 4 | 6185.8 | 4262.2 | 703.5 | -38.7 | 499.3 | 759.6 |
| YEAR | 5988.0 | 4104.0 | 688.9 | -33.0 | 487.5 | 740.7 |
| % change from '91 | 5.8 | 7.0 | 4.5 | -68.3 | 7.5 | 4.8 |
| 1993:1 | 6287.5 | 4325.9 | 711.2 | -36.5 | 507.2 | 779.7 |
| 2 | 6425.8 | 4428.1 | 728.2 | -35.4 | 513.0 | 791.9 |
| 3 | 6590.4 | 4608.0 | 734.3 | -39.2 | 479.6 | 807.7 |
| 4 | 6709.9 | 4647.1 | 746.5 | -37.1 | 533.3 | 820.2 |
| YEAR | 6503.4 | 4502.2 | 730.0 | -37.0 | 508.3 | 799.9 |
| % change from '92 | 8.6 | 9.7 | 6.0 | 12.4 | 4.3 | 8.0 |

*Historical data. R = Revised. P = Preliminary.

## 1.30 EMPLOYMENT AND LABOR

See Table 1.30 - page 15

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| + .13% | Unemployment |
| + .02% | Population |
| + .02% | Civilian Labor Force |
| 0.00% | Agriculture |
| - .30% | Total Employed |
| - .31% | Non Agriculture |

THE TOTAL NUMBER OF EMPLOYED PERSONS IS PREDICTED TO BE CLIMBING UPWARDS FOR THE REST OF THIS YEAR AND IN THE FIRST HALF OF 1992.

In the second half of next year the number of jobless persons will decline significantly to levels of the first half of 1990.

Data show the unemployment rate dropping to the average of 5.6% in the second quarter of next year.

Industries expected to benefit are wholesale and retail trade, communications, and printing and publishing. Difficulties are expected to continue next year in segments of banking industry, real estate, insurance, multi-family housing, and airline passenger transportation.

### TABLE 1.30
### EMPLOYMENT & LABOR

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Population | Civil. labor force | *-------Employment-------* Total | Agricult. | Non-agric. | Unemployment rate |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | % |
| Year & Qtr. | | | | | | |
| 1990* | 260.9 | 124.8 | 117.9 | 3.2 | 114.7 | 5.51 |
| 1991:1 | 264.6 | 124.0 | 115.9 | 3.2 | 112.7 | 6.52 |
| 2 | 264.5 | 125.1 | 116.6 | 3.2 | 113.4 | 6.83 |
| 3 | 265.1 | 126.4 | 117.8 | 3.2 | 114.6 | 6.77 |
| 4 | 262.4 | 127.4 | 119.0 | 3.2 | 114.2 | 6.63 |
| YEAR | 264.1 | 125.7 | 117.8 | 3.2 | 114.6 | 6.69 |
| % change from '90 | 1.2 | .7 | .7 | 0.0 | -.1 | 21.4 |
| 1992:1 | 267.3 | 128.0 | 119.7 | 3.2 | 116.5 | 6.48 |
| 2 | 268.4 | 128.8 | 120.7 | 3.2 | 117.5 | 5.27 |
| 3 | 269.2 | 129.7 | 122.1 | 3.2 | 118.9 | 5.88 |
| 4 | 269.2 | 130.4 | 123.0 | 3.2 | 119.8 | 5.67 |
| YEAR | 268.5 | 129.2 | 121.4 | 3.2 | 118.2 | 6.08 |
| % change from '91 | 1.7 | 2.8 | 3.0 | 0.0 | 3.1 | -9.2 |
| 1993:1 | 269.8 | 131.4 | 124.0 | 3.2 | 120.8 | 5.60 |
| 2 | 270.3 | 132.3 | 125.0 | 3.2 | 121.8 | 5.48 |
| 3 | 271.2 | 133.0 | 125.8 | 3.2 | 122.6 | 5.43 |
| 4 | 272.1 | 134.3 | 127.0 | 3.2 | 123.8 | 5.46 |
| YEAR | 270.9 | 132.8 | 125.5 | 3.2 | 122.3 | 5.49 |
| % change from '92 | .9 | 2.7 | 3.0 | 0.0 | 3.5 | -9.59 |

*Historical data. R = Revised. P = Preliminary.

## 1.41 HOUSING

See Table 1.41 - Page 17

1991
FORECAST
DATA

Percent Change from September 1991 Forecast

| | |
|---|---|
| - .14% | Mobile Home shipments |
| - .23% | Single Family housing starts |
| - .84% | 1-family housing existing |
| - 1.95% | 1-family housing new |
| - 2.58% | Permits Issued |
| - 3.75% | Multiple Family housing starts |

IN AUGUST, HOUSING STARTS ROSE TO SEASONALLY ADJUSTED 1.065 MIL. UNITS FROM A REVISED 1.059 MIL UNITS IN JULY WHILE SALES OF NEW SINGLE-FAMILY HOUSING INCREASED TO .540 MIL. FROM JULY'S .506 MIL. UNITS.

This increase was reversed in August when sales of existing homes declined 2.1%. This was the second consecutive decrease.

Forecast data for single-family housing show a continuous trend upward for the rest of this year and beyond. This is due to two major factors: low supply of new houses for sale, and relatively low interest rates, both predicted to persist this year and in the first half of of next year.

The forecast for multi-family housing is bleak. No significant improvements are expected either this year or next. Data for 1993 point to a good year, finally, for this troubled segment.

## TABLE 1.41
## HOUSING

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR<br>Unit | Single family housing starts<br>mil. | Multi-family housing starts<br>mil. | Mobile home ship-ments<br>mil. | Permits author-ized<br>mil. | 1-Fam. unit price new**<br>tho. $ | 1-Fam. unit price exist**<br>tho. $ |
|---|---|---|---|---|---|---|
| Year & Qtr. | | | | | | |
| 1990* | .895 | .298 | .188 | 1.111 | 156.9 | 118.5 |
| 1991:1 | .726 | .189 | .167 | .840 | 160.6 | 118.8 |
| 2 | .863 | .167 | .170 | .964P | 157.1 | 119.8 |
| 3 | .891 | .174 | .180 | 1.002 | 160.2 | 120.5 |
| 4 | .940 | .240 | .190 | 1.153 | 172.4 | 126.8 |
| YEAR | .855 | .193 | .177 | .990 | 162.6 | 121.5 |
| % change from '90 | -4.5 | -35.4 | -6.0 | -10.9 | 3.6 | 2.5 |
| 1992:1 | .880 | .176 | .180 | .987 | 170.5 | 124.2 |
| 2 | .911 | .208 | .201 | .994 | 174.8 | 127.9 |
| 3 | .980 | .240 | .211 | 1.178 | 180.2 | 130.4 |
| 4 | .932 | .251 | .190 | 1.108 | 186.3 | 133.1 |
| YEAR | .926 | .219 | .196 | 1.067 | 177.9 | 128.9 |
| % change from '91 | 8.3 | 13.6 | 10.6 | 7.8 | 9.5 | 6.1 |
| 1993:1 | .904 | .254 | .196 | .956 | 190.3 | 135.2 |
| 2 | .948 | .289 | .204 | .998 | 193.6 | 137.3 |
| 3 | .989 | .306 | .208 | 1.157 | 199.2 | 138.7 |
| 4 | .962 | .288 | .201 | 1.102 | 201.4 | 139.9 |
| YEAR | .951 | .284 | .202 | 1.053 | 196.1 | 137.8 |
| % change from '92 | 2.7 | 29.9 | 3.5 | -1.3 | 10.2 | 6.9 |

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*Historical data. R = Revised. P = Preliminary.

**Average. Not seasonally adjusted.

## 1.42 AUTOMOBILES

See Table 1.42 - page 19

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| 0.00% | Domestic Car Sales |
| 0.00% | Dealer Inventory |
| 0.00% | Light Truck Sales |
| 0.00% | Shipments |
| - .56% | Total Car Sales |
| - 1.85% | Dealer Inventory |

AUTO SALES PICKED UP IN MID-SEPTEMBER FROM THE LOW AUGUST LEVELS. Sales of domestically-built cars were at the annual rate of 6.4 mil. cars compared to the August level of 5.9 mil, but still well below the robust 7.8 mil. of the year earlier.

The outlook for cars is optimistic. Data call for gradual sales recovery in the industry in the remainder of this year and in 1992.

Automakers' plans for the fourth quarter of this year show the output of 1.552 mil. cars compared to the output of 1.435 mil. in the fourth quarter of last year.

The rebound in light-duty trucks and othegr vehicles of this category is expected to be at a faster rate than the rebound in passenger cars. Plans for the fourth quarter of this year are to produce .987 mil. units compared to .745 mil. units in the fourth quarter of 1990.

Data point to significant price and interest rate reduction in the last quarter of this year to warm the cold consumer market.

### TABLE 1.42
### AUTOMOBILES

Quarterly data are seasonally adjusted at annual rates, unless otherwise stated.

| INDICATOR | Total car sales | Car sales dom. | Car sales imp. | Dealer car inventory n.s.a. ** | Factory car shipments | Total light truck sales |
|---|---|---|---|---|---|---|
| Unit | mil. | mil. | mil. | mil. | mil. | mil. |
| Year & Qtr. | | | | | | |
| 1990* | 9.5 | 6.9 | 2.6 | 1.4 | 6.6 | 3.7 |
| 1991:1 | 8.2 | 6.0 | 2.2 | 1.3 | 6.0 | 3.2 |
| 2 | 8.9 | 6.2 | 2.7 | 1.4 | 6.1 | 3.5 |
| 3 | 8.9 | 6.1 | 2.8 | 1.4 | 6.3 | 3.8 |
| 4 | 9.4 | 6.5 | 2.9 | 1.5 | 6.4 | 3.9 |
| YEAR | 8.8 | 6.2 | 2.6 | 1.5 | 6.2 | 3.6 |
| % change from '90 | -6.8 | -10.1 | 1.9 | 7.1 | -6.1 | -2.7 |
| 1992:1 | 9.2 | 6.2 | 3.0 | 1.6 | 6.6 | 3.9 |
| 2 | 9.7 | 6.6 | 3.1 | 1.6 | 6.7 | 4.2 |
| 3 | 9.9 | 6.7 | 3.2 | 1.7 | 6.8 | 4.3 |
| 4 | 10.2 | 7.0 | 3.2 | 1.7 | 7.1 | 4.4 |
| YEAR | 9.8 | 6.6 | 3.1 | 1.7 | 6.8 | 4.2 |
| % change from '91 | 10.2 | -7.8 | 17.9 | 13.3 | 9.7 | 16.7 |
| 1993:1 | 9.8 | 6.6 | 3.2 | 1.7 | 7.0 | 4.4 |
| 2 | 10.2 | 6.9 | 3.3 | 1.8 | 7.1 | 4.5 |
| 3 | 10.8 | 7.2 | 3.3 | 1.8 | 7.2 | 4.6 |
| 4 | 10.7 | 6.9 | 3.4 | 1.8 | 7.2 | 4.6 |
| YEAR | 10.2 | 6.9 | 3.3 | 1.8 | 7.1 | 4.5 |
| % change from '92 | 4.6 | -1.0 | 5.6 | 5.9 | 4.8 | 7.7 |

*Historical data. R = Revised. P = Preliminary.
**End of period da

## 1.50 BUDGETS

See Table 1.50 - page 21

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| +22.70% | Federal Surplus Deficit |
| +20.30% | State Surplus Deficit |
| + .85% | State Corporate Tax Accrued |
| - 1.59% | Corporate Profit Tax Accrued |
| - 3.60% | Federal Income Tax |
| -10.90% | State Income Tax |

DATA ON THE THIRD AND FINAL REVISION OF THE SECOND QUARTER OF 1991 GNP AND COMPONENTS HAVE SHOWN A LARGER-THEN ANTICIPATED FEDERAL BUDGET DEFICIT OF $184.6 BIL. Forecast data indicate that the deficit, as measured by the National Income and Product Accounts System, will continue increasing and peak in the second quarter of next year by almost 200 bil. dollars, seasonally adjusted. It is expected to start declining in the third quarter of 1992 and afterward.

Forecast data on surpluses of state and local governments budget are encouraging. Despite increasing difficulties experienced by many state and local governments, data show continuous, though small, increases in totals. The total of surpluses in the fourth quarter of this year is expected to be $42.8 bil. In the fourth quarter of 1992 it will reach $44.3 bil,. and in 1993:4, it will further increase up to $50.8 bil.

### TABLE 1.50
### FEDERAL, STATE AND LOCAL BUDGETS
Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | FEDERAL Income taxes | FEDERAL Corp. profits tax accru. | FEDERAL Surplus /deficit | STATE AND LOCAL Income taxes | STATE AND LOCAL Corp. profits tax accru. | STATE AND LOCAL Surplus /deficit |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 492.8 | 108.5 | -166.0 | 206.6 | 23.6 | 35.4 |
| 1991:1 | 501.3 | 98.0 | -166.9 | 213.3 | 20.1 | 30.0 |
| 2 | 499.5 | 97.6P | -184.6 | 217.1 | 21.0 | 38.6 |
| 3 | 523.7 | 99.2 | -190.2 | 214.1 | 25.6 | 39.7 |
| 4 | 532.3 | 106.3 | -194.5 | 223.0 | 28.1 | 42.8 |
| YEAR | 514.2 | 100.3 | -184.1 | 216.9 | 23.7 | 37.8 |
| % change from '90 | 4.3 | -7.6 | 10.9 | 5.0 | .4 | 6.7 |
| 1992:1 | 559.1 | 110.5 | -196.2 | 223.4 | 30.4 | 42.1 |
| 2 | 568.3 | 115.3 | -199.6 | 236.9 | 31.2 | 43.2 |
| 3 | 580.7 | 120.1 | -183.4 | 242.3 | 33.4 | 44.2 |
| 4 | 590.2 | 126.0 | -167.2 | 253.7 | 34.8 | 44.3 |
| YEAR | 574.6 | 118.0 | -186.6 | 239.1 | 32.4 | 43.5 |
| % change from '91 | 11.7 | 17.7 | 1.4 | 10.2 | 36.9 | 15.0 |
| 1993:1 | 599.4 | 130.2 | -156.7 | 263.1 | 35.4 | 45.3 |
| 2 | 603.2 | 135.2 | -142.4 | 270.2 | 36.6 | 46.2 |
| 3 | 614.2 | 140.1 | -128.5 | 281.5 | 37.8 | 48.2 |
| 4 | 619.7 | 144.5 | -104.9 | 287.4 | 39.2 | 50.8 |
| YEAR | 609.1 | 137.5 | -133.1 | 275.6 | 37.2 | 47.6 |
| % change from '92 | 6.0 | 16.6 | -28.7 | 15.3 | 14.8 | 9.6 |

*Historical data. R = Revised. P = Preliminary.

## 1.60 INCOME

See Table 1.60 - page 23

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | | |
|---|---|---|
| + | .12% | Personal Disp. Income |
| + | .10% | Average Weekly Savings |
| - | .19% | Comp. of Employees |
| - | .31% | Corporate After Tax Profit |
| - | .85% | Personal Income |
| - | .92% | Personal Savings |

IN THE MAJORITY OF INDUSTRIES, CORPORATE PROFITS WILL REMAIN FLAT IN TOTAL UNTIL THE SECOND QUARTER OF NEXT YEAR, OR IMPROVE ONLY MARGINALLY.

In 1992, the following troubled industries will start to come out of the woods: motor vehicles, lumber and wood products, and communications. Some segments of insurance, banking, non-residential construction, apartment housing, and transportation, particularly the airlines, will recuperate their profitability in 1993.

Data for personal income, personal disposable income and most of their components point to regular increases this year and throughout the 1992-1993 period. Their interest-component is expected to remain flat for the rest of this year, and will increase only marginally throughout most of 1992.

## TABLE 1.60
## INCOME

Quarterly data are seasonally adjusted at annual rates.

| INDICATOR | Pers. income | Pers. disp. income | Comp. of empl. | Corp. after tax profits | Pers. saving | Avg. week earn. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | $ |
| Year & Qtr. | | | | | | |
| 1990* | 4645.5 | 3946.1 | 3309.7 | 172.5 | 180.1 | 443.5 |
| 1991:1 | 4630.8 | 3916.2 | 3438.1 | 166.4 | 168.7 | 449.1 |
| 2 | 4678.0 | 3961.4 | 3460.5 | 160.6 | 170.2 | 456.3 |
| 3 | 4782.4 | 4044.6 | 3470.1 | 166.8 | 179.2 | 461.2 |
| 4 | 4882.4 | 4127.1 | 3572.2 | 178.9 | 182.6 | 464.8 |
| YEAR | 4743.4 | 4012.3 | 3485.2 | 168.2 | 175.2 | 457.9 |
| % change from '90 | 2.1 | 1.7 | 5.3 | -2.5 | -2.7 | 3.2 |
| 1992:1 | 5022.7 | 4240.2 | 3643.2 | 174.1 | 184.3 | 469.9 |
| 2 | 5296.4 | 4491.2 | 3720.1 | 179.3 | 190.5 | 473.2 |
| 3 | 5433.0 | 4610.0 | 3809.2 | 190.1 | 210.2 | 476.4 |
| 4 | 5533.4 | 4689.5 | 3902.4 | 192.9 | 218.4 | 483.1 |
| YEAR | 5321.4 | 4507.7 | 3768.7 | 184.1 | 200.8 | 475.6 |
| % change from '91 | 12.2 | 12.3 | 8.1 | 9.5 | 14.7 | 3.9 |
| 1993:1 | 5623.1 | 4760.6 | 4007.6 | 196.4 | 222.4 | 485.6 |
| 2 | 5747.4 | 4874.0 | 4090.3 | 204.3 | 231.3 | 488.7 |
| 3 | 5961.7 | 5066.0 | 4123.2 | 207.6 | 240.2 | 491.2 |
| 4 | 6025.4 | 5118.3 | 4181.7 | 210.2 | 250.3 | 492.4 |
| YEAR | 5839.4 | 4954.7 | 4100.7 | 204.6 | 236.1 | 489.5 |
| % change from '92 | 9.7 | 9.9 | 8.8 | 11.1 | 17.5 | 2.9 |

*Historical data. R = Revised. P = Preliminary.

## 1.70 MONEY AND CREDIT

See Table 17.0 - page 25

FORECAST DATA FOR AGGREGATES OF MONEY SUPPLY POINT TO SOME ACCELERATION IN GROWTH OF M1 AND M2 IN 1992 AND 1993 WHEN COMPARED TO THIS ANEMIC GROWTH THIS YEAR. In 1992, money supply M1 is expected to increase by 5.3%, compared to this year's estimated growth of 4.1%, and by 5.1% in 1993.

It is anticipated that the easy money and credit policy of the Federal Reserve will continue through the first half of next year. Some gradual tightening is anticipated taking place afterward.

### 1991
### FORECAST
### DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| 0.00% | Largemer denom. time deposits |
| - .26% | Mortg. at all holders |
| - .32% | Time deposits |
| - .34% | Consumer Industrial loans |
| - .45% | Consumer demand deposits |
| - 1.90% | Consumer Install. Credit |

## TABLE 1.70
## MONEY & CREDIT

Data for "Currency and demand deposits, M1", and "Time deposits, adjusted, M2" are averages of daily figures; other data are end of period figures.

| INDICATOR | Currency and demand deposits M1, s.a. | Time deposit adjust. M2,s.a. | Cons. instal. credit n.s.a. ** | Comm.& indus. loans at banks s.a. | Large denom. time dep. s.a. | Mortg. at all holders ** n.s.a. |
|---|---|---|---|---|---|---|
| Unit | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ | bil. $ |
| Year & Qtr. | | | | | | |
| 1990* | 812.2 | 3293.2 | 750.9 | 577.2 | 533.9 | 3611.3 |
| 1991:1 | 830.2 | 3371.6 | 746.3 | 578.1 | 536.0 | 3644.9 |
| 2 | 838.1P | 3400.1P | 749.6P | 580.6P | 541.0P | 3665.2P |
| 3 | 842.4 | 3427.2 | 762.1 | 581.4 | 541.8 | 3771.3 |
| 4 | 855.3 | 3500.7 | 770.1 | 582.1 | 540.0 | 3779.5 |
| YEAR | 841.5 | 3424.9 | 770.1 | 582.1 | 540.0 | 3779.5 |
| % change from '90 | 3.6 | 4.0 | 2.6 | 5.3 | 1.1 | 4.7 |
| 1992:1 | 860.2 | 3560.2 | 782.3 | 585.2 | 552.1 | 3800.5 |
| 2 | 870.3 | 3603.4 | 808.2 | 590.6 | 568.1 | 3860.9 |
| 3 | 881.2 | 3674.2 | 816.2 | 596.4 | 587.4 | 3829.0 |
| 4 | 892.8 | 3701.3 | 824.2 | 600.3 | 572.3 | 3959.4 |
| YEAR | 876.1 | 3634.8 | 824.2 | 600.3 | 572.3 | 3955.3 |
| % change from '91 | 4.1 | 6.1 | 7.0 | 3.1 | 6.0 | 4.7 |
| 1993:1 | 903.1 | 3766.5 | 833.7 | 610.4 | 586.5 | 4005.3 |
| 2 | 910.3 | 3841.2 | 850.4 | 612.3 | 600.2 | 4056.7 |
| 3 | 918.3 | 3944.5 | 858.2 | 618.3 | 603.9 | 4123.2 |
| 4 | 927.8 | 4009.5 | 878.6 | 624.5 | 608.2 | 4200.5 |
| YEAR | 914.9 | 3890.4 | 848.6 | 324.5 | 608.2 | 4200.5 |
| % change from '92 | 4.4 | 7.0 | 3.0 | -45.9 | 6.3 | 6.2 |

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*Historical data. n.s.a: not seasonally adjusted.
s.a.: seasonally adjusted at annual rates.
R = Revised. P = Preliminary.

## 1.80 INTEREST RATES, YIELDS, AND SECURITIES PRICES

See Table 1.80 - page 27

1991
FORECAST
DATA

Percent Change
from
September 1991
Forecast

| | |
|---|---|
| - .18% | S & P's 500 Avg. |
| - .47% | 30 year govt. bond yield |
| - .86% | Aaa Corp. bonds |
| - 1.10% | Conv. mortg. rate |
| - 1.39% | Treasure bills 3 mo. yield |
| - 1.78% | Prime Rate |

KEDI ANTICIPATES THAT IN THE LAST QUARTER OF THIS YEAR, NO FURTHER SIGNIFICANT DECLINES IN SHORT-TERM INTEREST RATES WILL TAKE PLACE. These rates are expected to stabilize slightly below the levels reached at the end of the third quarter, i.e., after the Federal Reserve reduced the discount rate to 5%--the move KEDI had not anticipated.

In 1992, markets for Federal securities and municipal bonds are expected to be the fastest growing issues due to record Federal budget deficits and increasing financial problems of many state and local governments. Markets for corporate bonds are expected to regain vigor in the second half of next year and afterward.

## TABLE 1.80
## INTEREST RATES, YIELDS & SECURITIES PRICES
Quarterly averages of monthly figures.

| INDICATOR | Treas. bills 3 mo. yield | Prime rate | Conv. mortg rate | Aaa corp. bond rate | 30 yr. Govt. bonds yield | S & P's 500 Avg 1941-43 = 10 |
|---|---|---|---|---|---|---|
| Unit | % | % | % | % | % | |
| Year & Qtr. | | | | | | |
| 1990* | 7.51 | 10.00 | 9.78 | 9.32 | 8.55 | 334.59 |
| 1991:1 | 5.97 | 8.84 | 9.34 | 8.80 | 8.19 | 370.72 |
| 2 | 5.59 | 8.50 | 9.31 | 8.62 | 9.39 | 379.70 |
| 3 | 5.21 | 8.41 | 9.06 | 8.61 | 8.15 | 388.52 |
| 4 | 5.16 | 8.00 | 9.12 | 8.67 | 7.91 | 389.90 |
| YEAR | 5.48 | 8.44 | 9.21 | 8.68 | 8.41 | 382.21 |
| % change from '90 | -27.0 | -15.6 | -5.9 | -6.9 | -1.6 | 14.2 |
| 1992:1 | 5.24 | 8.00 | 9.10 | 8.71 | 7.72 | 393.71 |
| 2 | 5.31 | 8.04 | 9.21 | 8.81 | 7.83 | 396.28 |
| 3 | 6.07 | 8.24 | 9.32 | 9.03 | 7.91 | 402.45 |
| 4 | 6.42 | 8.36 | 9.70 | 9.17 | 8.14 | 408.52 |
| YEAR | 5.76 | 8.16 | 9.33 | 8.93 | 7.90 | 400.24 |
| % change from '91 | 5.1 | -3.3 | 1.4 | 2.9 | -6.1 | 4.7 |
| 1993:1 | 6.66 | 8.49 | 9.81 | 9.26 | 8.15 | 408.66 |
| 2 | 7.02 | 8.65 | 9.92 | 9.34 | 8.26 | 409.32 |
| 3 | 7.29 | 8.84 | 9.30 | 9.30 | 8.08 | 414.72 |
| 4 | 7.48 | 9.16 | 9.45 | 9.29 | 8.04 | 410.24 |
| YEAR | 7.11 | 8.79 | 9.62 | 9.30 | 8.13 | 410.74 |
| % change from '92 | 23.5 | 7.7 | 3.1 | 4.1 | 2.9 | 2.6 |

*Historical data. R = Revised. P = Preliminary.

## 2.0 COMPARISONS OF ACCURACY OF PREDICTIONS

In this issue Civilian Unemployment rate has been selected for comparison. Forecast data have been published in The Journal of Business Forecasting Methods & Systems, Winter 1989-90, pp. 39 and 41. Actual figure is the three-month average of data in the Survey of Current Business, April-June 1991 issue, blue pages.

### TABLE 2.0

COMPARISONS OF ACCURACY OF PREDICTIONS
Civilian Unemployment rate (%)
Actual figure: 5.9

| Forecaster | Date of Forecast | Forecast | Accuracy % |
|---|---|---|---|
| Core State Financial Corp, PA | 12/89 | 5.5 | - 6.8 |
| Ameritrust, OH | 12/89 | 5.5 | - 6.8 |
| First National of Chicago, IL | 12/89 | 5.4 | - 8.5 |
| First Interstate Bank Corp., Los Angeles, CA | 12/89 | 5.5 | - 6.8 |
| Manufacturers Hanover Trust, NY | 12/89 | 6.4 | + 8.5 |
| Marine Midland, NY | 12/89 | 5.6 | - 5.1 |
| National City Bank, OH | 12/89 | 5.4 | - 8.5 |
| Shawmut of Boston, MA | 12/89 | 5.6 | - 5.1 |
| Society National Bank, OH | 12/89 | 5.7 | - 3.4 |
| Valley National Bank, AR | 12/89 | 5.5 | - 6.8 |
| Metropolitan Life, NY | 12/89 | 5.8 | - 1.7 |
| Shearson Lehman, NY | 12/89 | 6.1 | - 8.5 |
| K.E.D.I., Inc, OH | 12/89 | 5.4 | - 8.5 |
| Fleet Nat'l Bk, Providence, RI | 12/89 | 5.8 | - 1.7 |
| Morgan Guaranty, NY | 12/89 | 5.7 | - 3.4 |
| Equitable Life, NY | 12/89 | 5.4 | - 8.5 |
| Fidelity Bank, PA | 12/89 | 5.6 | - 5.1 |
| Wells Fargo, CA | 12/89 | 5.4 | - 8.5 |

## 3.00 HISTORICAL DATA SOURCES

For reader's convenience listed below are sources of historical data series for the forecasts appearing in the Survey. The first column of the following table refers to the table in this Survey, the second column to the name of forecast series, and the third column identifies the source of historical data. The sources are: **Survey of Current Business** referred to as SCB (monthly, U. S. Department of Commerce, Washington, D.C.), **Federal Reserve Bulletin,** FRB, (Board of Governors of the Federal Reserve System, Washington, D.C. monthly), **Index of Industrial Production,** G.87.3 Release, IIP, (Board of Governors of the Federal Reserve System, Washington, D.C., monthly.)

TABLE 3.00

HISTORICAL DATA SOURCES

| Table Number | Data Series | Source |
|---|---|---|
| 1.11 Selected Indicators of Real Growth I. | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Index of industrial production | IIP, p. 2. |
| | Unemployment rate | SCB, Blue pages |
| | Capacity utilization rate | FRB, Table 2.11 |
| | Private housing starts | SCB, Blue pages |
| | Car sales | SCB, Blue pages |
| 1.87 Selected Indicators of Real Growth II. | Personal Cons. expend: Durables, | SCB, Table 1.1 |
| | Nondurables | SCB, Table 1.1 |
| | Services | SCB, Table 1.1 |
| | Retail sales: Total | SCB, Blue pages |
| | Durables | SCB, Blue pages |
| | Nondurables | SCB, Blue pages |
| 1.87 Real GNP | Gross national product, 1982 $ | SCB, Table 1.2 |
| | Personal consumpt. expenditures | SCB, Table 1.2 |
| | Gross private dom. investment | SCB, Table 1.2 |
| | Net exports | SCB, Table 1.2 |
| | Federal purchases | SCB, Table 1.2 |
| | State and local purchases | SCB, Table 1.2 |
| 1.21 Prices | Consumer price index | SCB, Blue pages |
| | Producer price index | SCB, Blue pages |
| | Implicit price deflators: GNP | SCB, Table 7.1 |
| | Personal consumpt. expenditures | SCB, Table 7.1 |
| | Federal purchases | SCB, Table 7.1 |
| | State and local purchases | SCB, Table 7.1 |
| 1.22 Nominal GNP | Gross national product | SCB, Table 1.1 |
| | Personal consumpt. expenditures | SCB, Table 1.1 |
| | Gross private dom. investment | SCB, Table 1.1 |
| | Net exports | SCB, Table 1.1 |
| | Federal purchases | SCB, Table 1.1 |
| | State and local purchases | SCB, Table 1.1 |

(Table 3.00 continues on the following page.)

## TABLE 3.00

## HISTORICAL DATA SOURCES (CONTINUED)

| Table Number | Data Series | Source |
|---|---|---|
| 1.30 Employment and Labor | Population | SCB, Blue pages |
| | Civilian labor force | SCB, Blue pages |
| | Employment | SCB, Blue pages |
| | Agriculture | SCB, Blue pages |
| | Non-agriculture | SCB, Blue pages |
| | Unemployment rate | SCB, Blue pages |
| 1.41 Housing | Single-family housing starts | SCB, Blue pages |
| | Multifamily housing starts | SCB, Blue pages |
| | Mobile home shipments | SCB, Blue pages |
| | Permits authorized | SCB, Blue pages |
| | 1-family unit price, new | FRB, Table 2.14 |
| | 1-family unit price, existing | FRB, Table 2.14 |
| 1.42 Autos | Passenger cars: Total sales | SCB, Blue pages |
| | Domestic | SCB, Blue pages |
| | Imported | SCB, Blue pages |
| | Dealers inventories | SCB, Blue pages |
| | Factory shipments | SCB, Blue pages |
| | Light-duty truck sales | SCB, Blue pages |
| 1.50 Federal State & Local Budgets | Federal govt: Income taxes | SCB, Table 3.2 |
| | Corporate profit tax accruals | SCB, Table 3.2 |
| | Surplus/Deficit | SCB, Table 3.2 |
| | State & local govt:Income taxes | SCG, Table 3.3 |
| | Corporate profit tax accruals | SCG, Table 3.3 |
| | Surplus/Deficit | SCB, Table 3.3 |
| 1.60 Income | Personal income | SCB, Table 2.1 |
| | Personal disposable income | SCB, Table 2.1 |
| | Compensation of employees | SCB, Table 1.11 |
| | Corporate after tax profits | SCB, Table 1.11 |
| | Personal saving | SCB, Table 2.1 |
| | Average weekly earnings | SCB, Blue pages |
| 1.70 Money and Credit | Currency and demand deposits, M1 | FRB, Table 1.21 |
| | Time deposits, adjusted, M2 | FRB, Table 1.21 |
| | Consumer installment credit | FRB, Table 1.55 |
| | Commercial and industrial loans | FRB, Table 1.23 |
| | Large denomination time deposits | FRB, Table 1.21 |
| | Mortgages at S&L Associations | FRB, Table 1.54 |
| 1.80 Interest Rates, Yields, & Securities Prices | Treasury bills (3 mo) yield | FRB, Table 1.35 |
| | Prime rate | FRB, Table 1.33 |
| | Conventional mortgage rate | FRB, Table 1.53 |
| | Aaa corporate bonds rate | FRB, Table 1.35 |
| | 20 years government bonds yield | FRB, Table 1.35 |
| | Standard & Poor's 500 average | FRB, Table 1.36 |